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A DOMESTIC PRIORITY: OVERCOMING FAMILY POVERTY IN AMERICA

HEARING

BEFORE THE

SELECT COMMITTEE ON CHILDREN, YOUTH, AND FAMILIES HOUSE OF REPRESENTATIVES

ONE HUNDREDTH CONGRESS

SECOND SESSION

HEARING HELD IN WASHINGTON, DC, SEPTEMBER 22, 1988

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A DOMESTIC PRIORITY: OVERCOMING FAMILY POVERTY IN AMERICA

THURSDAY, SEPTEMBER 22, 1988

U.S. HOUSE OF REPRESENTATIVES,
SELECT COMMITTEE ON CHILDREN, YOUTH, AND FAMILIES,
Washington, DC.

The Select Committee met, pursuant to call, at 10:30 a.m., in room 1310A, Longworth House Office Building, Hon. George Miller (Chairman of the Select Committee), presiding.

Members present: Representatives Miller, Schroeder, Boggs, Boxer, Rowland, Sikorski, Martinez, Evans, Coats, Johnson, Hastert, and Hayes.

Staff present: Karabelle Pizzigati, professional staff; Ginny duRivage, professional staff; Joan Godley, committee clerk; Robert Woodson, research assistant; and Scott Bailey, research assistant.

Chairman MILLER. The Select Committee on Children, Youth, and Families will come to order.

The purpose of this morning's hearing is to conduct an oversight hearing on a domestic priority: overcoming family poverty in America.

Prosperity in America wears many faces. For America's richest families, prosperity has meant record levels of wealth. For America's middle-class families, it requires both a working mother and a working father. And at the bottom of the ladder, prosperity seems to be a myth. For 13 million impoverished children and their families, the American Dream has all but vanished.

Just two days ago, the National Academy of Sciences reported that on any given night in America, 100,000 children have no homes, and that's not even counting runaways or children kicked out by their parents. According to the Academy's report, children make up the fastest growing group among the homeless. In fact, homeless families have become so commonplace in America, that the Census Bureau will begin counting them in the 1990 census.

We can boast about an economic recovery that has put more Americans to work than ever before. But we should be ashamed that a willingness to work hard will no longer protect families and their children from poverty. Nearly one in two low-income householders worked in 1987, an increase of 40 percent over 1979. For almost a third of this group, even a full-time, full-year job could not keep them out of poverty. The federal minimum wage has lost one-fourth of its value since 1979. Consequently, the minimum wage no longer lifts families of any size above the poverty level.

In the midst of economic prosperity is the gnawing reality that living standards have changed for American families and for their children. Families with children, especially young families, are facing a future of lowered expectations. They are afraid that they won't be able to provide their own children what their parents were able to give to them.

The same economic forces that have reduced expectations for middle-class families have devastated disadvantaged children and their parents. Unskilled jobs and middle-class blacks have exited our central cities, leaving behind an isolated and growing underclass of the very poor. Without jobs, young black men and women are delaying marriage, ensuring that the growing number of disadvantaged children will spend the greater portion of their childhood in very poor families.

Prosperity in America has divided our country into the haves and the have-nots. New Census data reveal that income inequality has reached its widest point in 40 years. Not only are the gaps getting wider, but the poor are getting poorer. In 1987, the income of the typical poor family fell $4,615 below the poverty line, farther below the poverty line than any year since 1960.

The plight of low-income families and children has long been the concern of the Select Committee. In a previous hearing, we learned that the United States had a higher percentage of children in poverty than do seven Western European countries. The U.S. also has the highest percentage of all poor children who are severely poor, living in families with incomes less than 75 percent of the poverty level.

Our traditional response to poverty has been welfare. But less than 40 percent of poor children and their families are eligible for A.F.D.C. When public aid is available, it fails to lift many of those families out of poverty. Between 1979 and 1986, one-third of the increase in poverty among families with children can be attributed to the reduced impact of government cash benefit programs. Current welfare reform proposals are an improvement because they institutionalize family supports, education and training, health care and child care that have been unavailable to most low-income families.

But the economic and social dislocation of the past decade demands solutions beyond welfare reform. To advance the discussion of how to overcome family poverty in America, we are fortunate to have here today four prominent thinkers who have stimulated public attention and public policy with their work. They will describe contemporary family poverty in America, examine its impact on different family groups including the urban underclass, and discuss what strategies the next Administration should pursue if we are to restore the promise of prosperity to America's children and to their families.

[Statement of Hon. George Miller follows:]

OPENING STATEMENT OF HON. GEORGE MILLER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA, AND CHAIRMAN, SELECT COMMITTEE ON CHILDREN, YOUTH, AND FAMILIES

Prosperity in America wears many faces. For America's richest families, prosperity has meant record levels of wealth. For America's middle-class families, it requires both a working father and a working mother. And, at the bottom of the

ladder, prosperity is a myth. For 13 million impoverished children and their families, the American Dream has all but vanished.

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In the midst of economic prosperity is the gnawing reality that living standards have changed for American families and their children. Families with children—especially young families—are facing a future of lowered expectations. They are afraid that they won't be able to provide their own children what their parents were able to give to them.

The same economic forces that have reduced expectations for middle-class families have devastated disadvantaged children and their parents. Unskilled jobs and middle-class blacks have exited our central cities, leaving behind an isolated and growing underclass of the very poor. Without jobs, young black men and women are delaying marriage, increasing the numbers of children born to mothers only and ensuring that growing numbers of disadvantaged children will spend the greater portion of their childhood in a very poor family.

Prosperity in America has divided our country into the haves and the have-nots. New Census data reveal that income inequality has reached its widest point in 40 years. Not only are the gaps getting wider, but the poor are getting poorer. In 1987, the income of the typical poor family fell $4,615 below the poverty line, farther below the poverty line than in any year since 1960. And the proportion of the poor falling into the "poorest of the poor" category—those with incomes below half of the poverty line (or below $4,528 for a family of three in 1987) reached its highest level in more than a decade.

The plight of low-income families and children has long been a concern for the Select Committee. In a previous hearing, we learned that the United States has a higher percentage of children in poverty than do seven western European countries. The U.S. also has the highest percentage of all poor children who are severely poor—living in families with incomes less than 75 percent of the poverty line.

Our traditional response to poverty has been welfare. But less than 40 percent of poor children and their families are eligible for AFDC. When public aid is available, it fails to lift many of these families out of poverty. Between 1979 and 1986, one-third of the increase in poverty among families with children can be attributed to the reduced impact of government cash benefit programs. Current welfare reform proposals are an improvement because they institutionalize family supports—education and training, health care, and child care—that have been unavailable to most low-income families.

But the economic and social dislocations of the past decade demand solutions beyond welfare reform. To advance the discussion of how to overcome family poverty in America, we are fortunate to have here today four prominent thinkers who have stimulated public attention and public policy with their work. They will describe contemporary family poverty in America; examine its impact on different family groups—including the urban underclass—and discuss which strategies the next Administration should pursue if we are to restore the promise of prosperity to America's children and their families.

Chairman MILLER. I'd like to welcome you to the Committee this morning.

We have Doctor David Ellwood, who is a Professor of Public Policy at Harvard University, from the John F. Kennedy School of Government; Doctor William Julius Wilson, who is the Lucy Flower Distinguished Service Professor of Sociology and Public Policy, University of Chicago; Doctor Lawrence Mead, who is the Associate Professor of Politics, New York University of New York;

and Lisbeth Schorr, who is a Lecturer in Social Medicine and Health Policy, Harvard Medical School, and Member of the Harvard University Working Group on Early Life.

Welcome to the Committee, and thank you for your willingness to join us this morning and to present your views on what I think is becoming a gnawing problem certainly for the Congress and, I think, more so for the country; and certainly one over of which there appears to be a great deal of disagreement, especially concerning: which way various segments of American society and families are going in this economy; whether or not 80 months of prosperity has treated these families equally; and whether or not we will be able to increase the participation of all American families in the job marketplace and in some prospect of future prosperity.

Doctor Ellwood, we'll start with you.

STATEMENT OF DAVID T. ELLWOOD, PROFESSOR OF PUBLIC POLICY, HARVARD UNIVERSITY, JOHN F. KENNEDY SCHOOL OF GOVERNMENT, CAMBRIDGE, MA

Professor ELLWOOD. Thank you very much. Mr. Chairman, I very much appreciate your kind invitation to testify today on the causes of poverty and the appropriate measures which we might take to alleviate it. Frankly, I am also quite gratified to be included with such august company. Most of my testimony today will be drawn directly from my recently published book, "Poor Support: Poverty in the American Family."

I hope to leave you with a straightforward message about the nature of poverty. More often than not, poverty in America is a magnification of problems that face most of us. The ghetto resident, who has come to dominate so much of our stereotypes of the poor, are not remotely representative. Census data from 1980 shows that only seven percent of all poor persons lived in very high poverty neighborhoods of the 100 largest central cities. That group deserves special attention, but I'll leave the other witnesses to talk about their struggles. I will concentrate instead on the problems of the seemingly invisible majority.

And I would like to offer an equally simple message about policy. This country could go a long way towards eliminating family poverty in America by accepting two very simple and almost universally accepted propositions. First, if you work, you shouldn't be poor. And second, children in single-parent homes have a right to expect support from both parents. If we really insured that these propositions always held true, we could move a giant step towards insuring that the rhetoric of the American dream, which has so dominated the presidential campaigns this year, really was a reality.

In my view, the goal of offering effective support to the poor got lost around the time that we decided that welfare was to be our primary means of helping. Welfare would be the ideal solution if the underlying cause of poverty was a lack of money. But among families with healthy working age adults, lack of money is but a symptom of low pay or lack of a job or one parent trying to do the job of two.

By treating the symptoms rather than the causes of poverty, welfare almost inevitably creates conflicts in our basic values. So long

as we use public assistance as our primary means of supporting the poor, we will always be fighting over benefits and bureaucracies and burdens. Surely our children deserve more than a system which after 50 years of fighting still leaves one child in five below the poverty line.

First, poverty in two-parent families. What are the causes of poverty? I'm going to talk separately about two-parent and single-parent families, and roughly half of the poor children are found in each setting.

The poverty of two-parent families is the poverty of the working poor, the group we hear often about but do so little for. These families ride the economic roller coaster. This is the group for whom "trickle down" really could work. When the economy is very strong and real wages are growing rapidly and unemployment is falling, these families generally do much better. But when the economy stumbles or even grows very slowly, these families fall.

Unfortunately, there hasn't been much trickling down in the past 15 years. For most of this period, unemployment was quite high. Happily, the economy has been blessed recently by lower rates of unemployment, and that has reduced poverty in this group somewhat. Still, the biggest force influencing the poverty of two parent families is wage rates, and there has been little growth there.

I estimate that in 40 to 45 percent of poor two-parent families, and remember those families have roughly half the poor children in them, one adult is already working all year full-time or the combined work of both parents was the equivalent of at least one full-time worker. Yet median earnings of full-time workers remain below the level they reached in 1973.

This lack of real wage growth has caused problems for most American families. Often, they've sent a second worker into the labor market just to keep pace. But what is hard for the middle class can be devastating for people at the margin. There is increasing evidence that earnings for those in the weakest economic position have been hurt the most.

The plight of poor families with full-time workers is a direct challenge to those who want to preserve the ideal that anyone that is willing to work can make it in America. These families haven't lost the work ethic. They embody it. They work long hours at low pay, and they get virtually no help from the government. Full-time workers typically qualify only for food stamps, and few are willing to put up with the frustrations and indignities associated with getting and using them. Most tragic of all, these families rarely have good medical protection. If an illness pushes one person into the hospital for even a few days, the family may lose everything it sought to build and be left with a debt they can never hope to repay.

So, these families work hard and are rewarded with poverty and medical insecurity. One of the most shocking findings of my research is that after counting government transfers, poor families with full-time workers were literally the poorest of the poor. Their incomes fell further below the poverty line than poor families with disabled workers, further below the poverty line than families with

unemployed workers, even further below the poverty line than single parents on welfare.

No wonder these families are angry at the social welfare system. It seems to mock their efforts. It's not that welfare benefits are so high, for those on welfare are often left quite poor. Rather, it is that wages can be so low. What signals are we sending to those who try and hold a family together in spite of economic hardship, to those who chose work over welfare, to those who are willing to strive for the American dream?

Some may find these figures unbelievable, but they are easy to understand. Today, a full-time job at the minimum wage will not even support a family of two at the poverty line. One full-time and one half-time minimum wage job won't push a family of four out of poverty. Work does not always pay. If you work, you can be poor.

Support for the working poor. We can help the working poor. Of course, a strong and growing economy would be of enormous benefit. Everyone favors renewed productivity growth and low unemployment. But we need not and must not abandon these families while we await the return of economic growth. There are good answers that lie outside the welfare system. These families don't want welfare. Instead, we should do two things: insure that all families get medical protection and make work pay.

Every other industrialized country except South Africa has found a way to insure medical protection. It need not be in the form of national health insurance. Plans based on employer mandated coverage or government being the insurer of last resort can be adopted. Regardless of the details, surely we can protect those who work from the financial burdens of health care.

Similarly, we can make work pay. The most controversial method is to raise the minimum wage. The arguments are all too familiar to you, and I won't repeat them here. Note, however, that adjusted for inflation the minimum wage is below the level it was in 1956 and every year thereafter. There are other ways to help. Expanding the Earned Income Tax Credit and adjusting it for family size can, in effect, give the working poor a pay raise. Low income workers get tax credits for each dollar they earn. The E.I.T.C. increases the incentive to work. Refundable day care credits would also help. The best solution probably involves modest adjustments in all three: a higher minimum wage, a better E.I.T.C., and day care credits.

We must commit ourselves to the principle that a working adult can support his or her family above the poverty line. By insuring that those who work attain a modest level of economic and medical security, we would reinforce our values of family, work, and independence. Making work pay will not encourage dependency or isolate or stigmatize. It would reflect our sense of community and our belief that the efforts of all citizens are valued. It would be especially helpful to struggling poor two-parent families. It would treat a cause of poverty and not just a symptom.

Let me turn now to the poverty of single-parent families. The primary cause of economic insecurity in America used to be getting old. Now it's family break-up. We've reached the point where the typical child born in America today is going to spend some time in a single-parent home. The poverty rate for children in such set-

tings is roughly 50 percent. We created the Social Security system to deal with the problems of the elderly. Surely, we can find a way of coping with this threat to the economic security of our children.

The special problem of single parents is that one parent is left to do the job we typically ask of two. Raising children, nurturing them, and providing for them constitutes two demanding jobs. It is hard for married couples to balance work and family. The burdens facing single mothers are surely greater. It is neither reasonable nor practical to expect all single parents to work all the time. Married mothers typically don't. Contrary to popular belief, while most married mothers work, less then a third of all married mothers actually work full-time all year. Part-time or part-year work is the norm.

But part-time work gets a single parent nowhere. Indeed, even a woman who works full-time all year at a job which pays $5.00 an hour, almost twice the minimum wage, 50 percent higher, and who can get day care at a very modest cost, even such a person cannot support herself and two children above the poverty line. She will probably have minimal medical benefits. In a fairly typical state, she will have only slightly more income than she could have gotten from welfare and food stamps. No wonder those administering work welfare programs in Massachusetts and California have found that jobs paying less then $6.00 an hour and those without medical benefits are not likely to keep people off welfare permanently.

So, single parents are left in an almost impossible situation. They are asked to be both child-rearer and bread-winner. They are offered a very stark choice. They can either work all the time, and then they will be able to avoid poverty only if they can find a job paying almost twice the minimum wage, or they can go on welfare. Remember this is the choice that will face the mother of the typical child born in America. And she will face this choice during one of the most stressful moments in her life, a time when she has just become a single parent.

Many single parents do work all the time. They do so in far greater numbers than married mothers do. But such women are typically the best educated, the most experienced, the women without young children, the women who can command a decent wage. For a woman with very young children, little work experience and a poor education, there may seem very little choice at all.

And once in the welfare system, there will be little real support for a woman who wants to work. Indeed, the welfare system often places its greatest demands on those who try and mix work and welfare, since the outside income makes them "error prone." Welfare mothers who have tried to mix work and welfare often describe the situation as the worst of all worlds. No wonder the largest route out of welfare is through marriage or reconciliation rather than work. People can and do work their way off welfare, but why does it have to be so hard? Why is there so little support outside the welfare system? Is that what we want for our children?

Welfare reform is the beginning of change. There is hope. Welfare reform is an important beginning. States like Massachusetts and California have taken the lead in developing work welfare programs designed to encourage and sometimes coerce people in

taking steps that will ultimately aid them in leaving welfare for work. Recipients participate in job search, training, and work programs. They sometimes qualify for transitional day care and medical protection.

These programs have helped many people, and can be legitimately seen as an important and dramatic shift in the nature of public support. Their benefits exceed their costs. Still, every careful analysis that has been done has shown that these work welfare programs increase earnings of welfare recipients on average only modestly. By themselves, they will not come close to eliminating welfare or insuring that self-support is always feasible. These plans really don't solve the problem facing many single parents. They don't insure that work pays and they don't help women balance their dual provider and nurturer role.

Child support is the obvious next step. The basic problem remains that we continue to expect one parent to do the job we've traditionally expected to be done by two. Single parents need and deserve some additional support, but welfare is not a very attractive place to look for it. There is a much more natural starting place, the absent parent.

Remarkably, only a third of single mothers in 1985 reported receiving any court ordered child support at all. Those lucky enough to get such payments reported getting an average of only $2,300.00. Our current system sends a very clear message. By being absent, a father can often escape any obligations to his children. For far too many fathers, responsibility ends when the relationship falters.

The current system robs both children and taxpayers of billions of dollars which could be collected from absent fathers. Several researchers have estimated that $20 billion to $30 billion more in child support could be collected, including perhaps $4 billion for those on welfare. In the past few years, we've adopted important reforms in child support. Current or pending legislation would encourage states to use simplified administrative procedures and uniform standards in making awards. Both parents would be identified at birth. Automatic wage withholding would be used for new awards.

These steps represent a major improvement, but they are likely to fall far short of potential collections of $20 billion to $30 billion in additional child support. There remain limited incentives for states to find every father. Interstate cases remain almost impossible to deal with. Overburdened state judicial systems will remain deeply involved.

Moreover, the current reforms will do little for many mothers on welfare, since benefit rules allow recipients to keep at most $600.00 a year in money collected, and since no child support will be collected when the absent father is unemployed. The mothers who are likely to have the greatest difficulty escaping welfare through work are also least likely to get the additional child support they need to achieve real independence.

Child support ought not to be the battleground for parental bitterness. It should not be of interest to government only if welfare money is saved. It is the obvious way to attack perhaps the largest source of financial insecurity for children from every race and

class. Child support collection should be taken as seriously as collecting taxes. Child support could be Social Security for children.

Bold reform in child support would involve three steps:

(1) When a single parent family was formed, the custodial parent would inform the Social Security office and child support payments would be collected from absent parents along with other Social Security taxes by the employer.

(2) All money collected would be transferred to the children and custodial parent.

(3) In much the same way that unemployment insurance helps protect intact families with an unemployed worker, the government would insure that child support payments never fell below, say, $2,000.00 per child annually. Even if collections from the absent parent fell below that level due to his unemployment or very low wages, government could insure that the child and custodial parent could still count on some modest level of child support. Welfare savings from increased child support collections would more than offset the costs of these provisions. Already, Wisconsin and several other states are experimenting with this form of assured child support.

In much the same way that older Americans are protected by Social Security, children from all walks of life would be better protected by a single unified child support system, perhaps one based in the Social Security system. Single mothers and their children would have a far greater chance of escaping welfare. Absent parents would be held responsible. And most amazing of all, since the uniform system would be so much more effective in collecting payments from absent parents, savings in welfare would more than cover the cost of insured benefit. Children would be better protected, mostly outside the welfare system without additional cost to the government.

In my book, I show that if we adopted a uniform child support assurance system and implemented the measures to make work pay, any single parent could reach the poverty line by working only part-time. Full-time work would move her to an even higher level. Self-support really would be feasible without welfare.

Again, the exact details are not the issue. One could adopt a child support assurance plan without folding it into Social Security. All children need and deserve support from both parents. Otherwise, the typical child born in America will continue to be at very great economic risk.

Real support for America's families. Poverty in America is in large part a reflection of low pay and family break-up. Lack of real wage growth and changes in families have created insecurity for families at all income levels. But for those at the bottom of the ladder, the consequences have been particularly severe.

By relying chiefly on welfare to help the poor, I believe we've failed to help people help themselves, salving rather than solving their problems. We end up fighting interminably about rights and wrongs, about responsibilities and relief, about desperation and dependence. In the meantime, nearly a fifth of our children are poor, a level of economic insecurity that Europeans find astonishing.

We ought to treat the causes of poverty directly. We can make work pay. We can guarantee medical protection. We can dramati-

cally reform child support. Such measures reinforce our values, because they help people help themselves overcome legitimate problems. The measures could dramatically reduce poverty among families in America. They would make self-support far more practical for single parents and their children.

Welfare really could become a transitional program as people cope with a temporary problem and find work. Our system of support for the poor can be something more than a holding ground for people who are not making it on their own. It can address the real causes of poverty and provide hope.

Thank you very much, Mr. Chairman.

[Prepared statement of Professor David T. Ellwood follows:]

PREPARED STATEMENT OF DAVID T. ELLWOOD, PH.D., PROFESSOR OF PUBLIC POLICY, HARVARD UNIVERSITY, JOHN F. KENNEDY SCHOOL OF GOVERNMENT, CAMBRIDGE, MA

Mr. Chairman and members of the Committee, I appreciate your kind invitation to offer testimony on the causes of family poverty and on appropriate polices which might alleviate it. I am also quite gratified to be included with the august company you have testifying before you today. Much of my testimony will be drawn directly from my recently published book, Poor Support: Poverty in the American Family (Basic Books).

I hope to leave you with a straightforward message about the nature of poverty: more often than not, poverty in America is a magnification of problems that face most of us. The ghetto resident who has come to dominate our stereotypes of the poor are not remotely representative. Census data from 1980 show that only 7% of all poor persons lived in very high poverty neighborhoods in the 100 largest central cities. Other witnesses today will talk about their struggles. I will concentrate on the problems of the seemingly invisible majority.

And I would like to offer an equally simple message about policy. This country could go a long way towards eliminating family poverty by acting upon two very simple and almost universally accepted propositions: First, if you work, you shouldn't be poor. And second, children in single parent homes have a right to expect support from both parents. By insuring that these propositions always held true, we could move a giant step closer to insuring that the rhetoric of the American dream, which seems to dominate the presidential campaigns of both parties this year, really was a reality.

In my view the goal of offering effective support to the poor got lost around the time we decided that welfare was to be the primary means of helping the poor. Welfare would be the ideal solution if the underlying cause of poverty was a lack of money. But among families with healthy, working age adults, lack of money is but the symptom of low pay or lack of a job or of one parent trying to do the job of two. By treating the symptoms rather than the causes of poverty, welfare creates inevitable conflicts in our basic values. So long as we use public assistance as our primary means of supporting the poor, we will always be fighting over benefits and bureaucrats and burdens. Surely our children deserve more than a system which after over 50 years of fighting still leaves almost one child in five below the poverty line.

Poverty in Two Parent Families

But what are the causes of poverty? I shall talk separately about the problems facing two parent and single parent families. Roughly half of the poor children are found in each setting.

The poverty of two-parent families is the poverty of the working poor. These families ride the economic roller coaster. This is the group for whom "trickle down" really could work. When the economy is strong, with wages growing rapidly and unemployment falling, these families do much better. But when the economy stumbles, these families fall.

Unfortunately there hasn't been much trickling down in the past 15 years. For most of this period, unemployment was quite high. Happily the country has been blessed recently with lower rates of unemployment, and that has reduced the poverty of this group somewhat. Still the biggest force influencing the poverty of two-parent families is wage rates and there has been little growth there. I estimate that in 40-45% of poor two parent families, one adult is already working full time

all year or the combined work by both parents was the equivalent of at least one full time worker. Yet median earnings of full-time workers remain well below the level they reached in 1973. This lack of wage growth has caused problems for most American families. Often they have sent a second worker into the labor market just to keep pace. But what is hard for the middle class can be devastating for people living at the margin. There is increasing evidence that earnings for those in the weakest economic position has been hurt the worst.

The plight of poor families with full-time workers is a direct challenge to those who want to preserve the ideal that anyone who is willing to work can make it in America. These families haven't lost the work ethic. They embody it. They work long hours for low pay. And they get virtually no help from the government. Full-time workers in poor families typically qualify only for food stamps, and few are willing to put up with the frustrations and indignities associated with getting and using them. Most tragic of all, these families rarely have good medical protection. If an illness pushes one person into the hospital for even a few days, the family may lose everything they have sought to build, and be left with a debt they can never hope to repay.

So these families work hard and are rewarded with poverty and medical insecurity. One of the most shocking findings of my research is that after counting government transfers, poor families with full-time workers were the poorest of the poor. Their incomes fell further below the poverty line than poor families with disabled workers, further below the poverty line than families with unemployed workers, even further below the poverty line than single parent families on welfare. No wonder these families are angry at the social welfare system. It seems to mock their efforts. It is not that welfare benefits are so high, for those on welfare are often left quite poor, rather it is that wages can be very

low. What signals are we sending those who try to hold a family together in spite of economic hardship, to those who chose work over welfare, to those who are willing to strive for the American dream?

Some may find these figures unbelievable. But they are easy to understand. Today a full time job at the minimum wage will not even support a family of two at the poverty line. One full-time and one half time minimum wage job won't push a family of four out of poverty. Work does not always pay. If you work, you can be poor.

Support for the Working Poor

We can help the working poor. Of course a strong and growing economy would be of enormous benefit. Everyone favors renewed productivity growth and low unemployment. But we need not and must not abandon these families while we await the return of economic growth. There are good answers that lie outside the welfare system. These families don't want welfare. Instead we should do two things: insure that all families get medical protection and make work pay.

Every other industrialized country except South Africa has found a way to insure medical protection. It need not be in the form of national health insurance. Plans based on employer mandated coverage or on government being the insurer of last resort might be adopted. Regardless of the details, surely we can protect those who work from the financial burdens of health care.

Similarly we can make work pay. The most controversial method is to raise the minimum wage. The arguments here are all familiar. Note, however, that adjusted for inflation, the minimum wage is below the level it was in 1956 and every year thereafter. There are other ways to help. Expanding the Earned Income Tax Credit (EITC) and adjusting it for family size can, in effect, give the working poor a pay raise. Low income workers get tax credits for each dollar they

earn. The EITC increases the incentive to work. Refundable day care credits would also help. The best solution probably involves modest adjustments in all three--a higher minimum wage, a better EITC, and day care credits.

We must commit ourselves to the principle that a working adult can support his or her family above the poverty line. By insuring that those who work attain a modest level of economic and medical security, we would reinforce our values of work and family and independence. Making work pay would not encourage dependency or isolate and stigmatize. It would reflect our sense of community and our belief that the efforts of all citizens are valued. It would treat a cause of poverty, not just a symptom.

Poverty in Single Parent Families

The primary cause of economic insecurity in America used to be old age. Today it is family break-up. We have reached the point where the typical child born in America today will spend some time in a single parent home. The poverty rate for children in such settings is over 50%. We created the Social Security system to deal with the problems of the elderly. Surely we can find a way of coping with this threat to the economic security of our children.

The special problem of single parents is that one parent is left to do the work of two. Raising children and providing for them constitutes two demanding jobs. It is hard for married couples to balance work and family. The burdens facing single mothers are surely greater. It is neither reasonable nor practical to expect all single mothers to work all the time. Married mothers typically don't. Contrary to popular belief, while most married mothers work, less than 1/3 of all married mothers actually work full time all year. Part-time or part-year work is the norm.

But part-time work gets a single parent nowhere. Indeed even a woman who works full time all year at a job which pays $5 per hour, who can get day care at a

very modest cost, will still not be able to support herself and two children above the poverty line. She will probably have minimal medical benefits. And in a fairly typical state, she will have only slightly more income than she could have gotten from welfare and food stamps. No wonder those administering work-welfare programs in Massachusetts and California have found that jobs paying less than $6 per hour and those without medical benefits are not likely to keep people off welfare permanently.

So single parents are left in an almost impossible situation. They are asked to be both child rearer and bread-winner. But they are offered a very stark choice: they can either work all the time--and then they will be able to avoid poverty only if they can find a job paying almost twice the minimum wage--or they can go on welfare. Remember this is the choice that will face the mother of the typical child born in America. And she will face this choice during one of the most stressful moments in her life--a time when she has just become a single parent.

Many single mothers do work all the time--they do so far more often than married mothers do. But such women are typically the best educated, the most experienced, the women without young children, the women who can command a decent wage. For a woman with very young children, little work experience and a poor education, there may seem to be very little choice at all. And once in the welfare system, there will be little real support for a woman who wants to work. Indeed the welfare system often places its <u>greatest</u> demands on those who try to mix work and welfare since their outside income makes them "error prone." Welfare mothers who have tried to work while on welfare often describe the situation as the worst of all worlds. No wonder the largest route out of welfare by far is marriage or reconciliation rather than work. People can and do work their

way off welfare, but why does it have to be so hard? Why is there so little real support outside the welfare system? Is this what we want for our children?

Welfare Reform--The Beginning of Change

There is hope. Welfare reform is an important beginning. States like Massachusetts and California have taken the lead in developing work-welfare programs designed to encourage and sometimes coerce people into taking steps which will ultimately aid them in leaving welfare for work. Recipients participate in job search, training, and work programs. They sometimes qualify for transitional programs offering day care and medical protection designed to ease the move from welfare to work. These programs have helped many people and can legitimately be seen as an important and dramatic shift in the nature of public support. Their benefits exceed their costs. Still, every careful analysis that has been done has shown that work-welfare programs will only increase earnings of welfare recipients modestly. By themselves, they will not come close to eliminating welfare or insuring that self-support is always feasible. These plans don't really solve the problems facing many single mothers. They don't insure that work pays. They don't help a single parent balance her dual role.

Child Support--The Obvious Next Step

The basic problem remains that we continue to expect one parent to do the job we have traditionally expected to be done by two. Single parents need and deserve some additional support. But welfare is not a very attractive place to look for it. There is a much more natural starting place: the absent parent. Remarkably only 1/3 of single mothers in 1985 reported receiving any court ordered child support payments at all. Those lucky enough to get such payments report getting an average of only $2,318. Our current system sends a very clear message: by being absent, a father can often escape any obligations to his children. For far too many fathers, responsibility ends when the relationship falters.

The current system robs both children and taxpayers of billions of dollars which could be collected from absent fathers. Several researchers have estimated that $20 to $30 billion more in child support could be collected, including perhaps $4 billion for those on welfare. In the past few years we have adopted important reforms in child support. Current or pending legislation would encourage states to use simplified administrative procedures and uniform standards in making awards. Both parents would be identified at birth. Automatic wage withholding would be used for all new awards.

These steps will represent a major improvement, but are likely to fall far short of the potential collections of $20-30 billion in additional child support. There are limited incentives for states to find every father. Interstate cases remain almost impossible to deal with. Overburdened state judicial systems still remain deeply involved.

Moreover, the current reforms will do little for many mothers on welfare, since benefit rules allow recipients to keep at most $600 per year from the money collected and since no child support would be collected when the absent parent has little or no earnings. The mothers who are likely to have the greatest difficulty escaping welfare through work are also least likely to get the additional child support they need to achieve real independence.

Child Support as Social Security for Children

Child support ought not to be the battleground for parental bitterness. It should not be of interest to government only if welfare money is saved. It is the obvious way to attack the perhaps the largest source of financial insecurity for children from every race and class. Child support collections should be taken as seriously as collecting taxes. Child support could be Social Security for children.

Bold reform in child support would involve three steps:

1. When a single parent family was formed, the custodial parent would inform the Social Security office and child support payments would be collected from the absent parents along with other Social Security taxes by the employer.

2. All money collected would be transferred to the children and custodial parent.

3. In much that the same way that unemployment insurance helps protect intact families with an unemployed worker, the government would insure that child support payments never fell below, say $2,000 per child annually. Even if collections from the absent parent fell below that level due to his unemployment or very low wages, government could insure that the child and custodial parent could still count on some modest level of child support. Welfare savings from increased child support collections would more than offset the cost of this provision. Already Wisconsin and several other states are experimenting with assured child support.

In the same way that older Americans are protected by Social Security, children from all walks of life would be better protected in a single unified child support system. Single mothers and their children would have a far greater chance of escaping welfare. Absent parents would be held responsible. And most amazing of all, since the uniform system would be so much more effective in collecting payments from absent parents, savings in welfare would more than cover the cost of the insured benefit. Children would be far better protected, mostly outside the welfare system without additional cost to the government.

In my book, I show that if we adopted a unified child support assurance system and implemented the measures to make work pay, any single parent could reach the poverty line by working only part-time. Full time work would move her to an even a higher income level. Self-support really would be feasible--without welfare.

Again the exact details are not the issue. One could adopt a child support assurance plan without folding it into the Social Security system. All children need and deserve support from both parents. Otherwise the typical child born in America will continue to be at very great economic risk.

Real Support for America's Families

Poverty in America is in large part a reflection of low pay and family break-up. Lack of real wage growth and changes in families have created insecurity for families from all income classes. But for those at the bottom of the ladder, the consequences have been particularly severe.

By relying chiefly on welfare to help the poor, I believe we have failed to help people help themselves, salving rather than solving their problems. We end up fighting interminably about rights and wrongs, about responsibilities and relief, about desperation and dependence. In the meantime, nearly a fifth of our children are poor--a level of economic insecurity Europeans find astonishing.

We ought to treat the causes of poverty directly. We can make work pay, guarantee medical protection, and dramatically reform child support. Such measures reinforce our values because they help people help themselves overcome legitimate problems. The measures could dramatically reduce poverty among families in America. They would make self-support far more practical for single parents and their children. Welfare really could become a transitional program as people cope with a temporary problem and find work. Our system of support for the poor can be something more than a holding ground for people who are not making it on their own. It can address the real causes of poverty and provide hope.

Chairman MILLER. Before I recognize Doctor Wilson, I'd like to recognize Congressman Coats of Indiana, the senior Republican member of the Committee for a statement.

Mr. COATS. Thank you, Mr. Chairman. I apologize for being tardy. I just flew back from Indiana this morning.

And I also apologize to you, the witnesses, for a schedule conflict that's going to prevent me from being here to hear what sounds like already some very interesting and needed testimony.

My Energy and Commerce Committee this morning is marking up, unfortunately for my schedule and unfortunately for a lot of those in the industry, the Glass-Steagell or banking bill at 10:00. So, I'll have to leave and miss part of this, but I'll attempt to balance both interests and be back and forth.

Let me just say that I think on both sides of the aisle there's been an obvious dissatisfaction with many of the programs currently in place to help the poor. There's a current consensus that our current programs fail both the taxpayers who underwrite them and the poor that they're supposed to help. The greatest indicator of this dissatisfaction is the current welfare reform legislation which is now in conference between the House and Senate.

The recent Census Bureau report on poverty bolstered this view. Even at a time of unprecedented sustained economic growth, poor families fell further below the poverty line in 1987 than in any year since 1960. Figures are especially distressing for minorities, because 30 percent of black families now live in poverty and half of all young black children are poor.

At the same time, the report confirms what previous data has suggested and our first witness has just confirmed. Strong families are the best shield against economic hardship. Of all the types of households, two-parent families have by far the lowest poverty rate. This is true for black families in particular. Where the poverty rate for black families in general is 30 percent and the rate for black female-headed families is now 52 percent, the rate for black two-parent families is only 12 percent.

The cause of poverty goes beyond family structure of course, but fashioning legislation which will encourage strong families will go a long way towards helping those on the bottom rung of the economic ladder, and hopefully that's something that we can all agree on.

I'm pleased that we have such an eminent level of experts on the subject of poverty to discuss government anti-poverty programs, welfare reform, and even measures that go beyond present reform proposals. With your help, we can try to generate a discussion about alternatives which will effectively help the poor become self-sufficient productive members of society, which is after all what everyone would like to see.

Again, I thank the Chairman for holding this hearing on an important topic, and for the witnesses contributions.

Chairman MILLER. I'd also like to acknowledge that the Committee has been joined by Congresswoman Boxer, my colleague from California, and also Congressman Charles Hayes from Illinois.

Charlie.

Mr. HAYES. First, let me thank you, Mr. Chairman, for having extended to me an invitation to be here this morning. I'm sorry too

that I'm a little late, but I had to reshuffle my schedule in order to be here now.

I do acknowledge the fact that I have a constituent of mine who is going to testify here, Doctor William Julius Wilson, from the University of Chicago which is located in the heart of my district. He has done much in focusing some attention on poverty as it exists not only in my district but in the nation. Child care and overcoming family poverty is a part of the process. It's certainly something that I have a great interest in, because, if you don't know it, I represent a district where poverty is really rising as it is nationally.

To call the attention of those of us in Congress to the severity of this situation and to begin to take legislative steps to try to correct it is, I think, what we ought to be all about. I just want to commend Doctor Wilson for having taken his time not only to appear here, but to focus real attention on this very critical issue that faces America, this great country of ours.

Thank you very much, Mr. Chairman.

Chairman MILLER. Thank you.

Doctor Wilson.

STATEMENT OF WILLIAM JULIUS WILSON, LUCY FLOWER DISTINGUISHED SERVICE PROFESSOR OF SOCIOLOGY AND PUBLIC POLICY, UNIVERSITY OF CHICAGO, CHICAGO, IL

Professor WILSON. Thank you very much, Mr. Chairman.

I very much appreciate the kind words of Congressman Charles Hayes.

Thank you for allowing me to present my views to this very important committee. I have been asked to discuss some of the issues raised in my recent book, The Truly Disadvantaged. For the purposes of this presentation, I should like to discuss my arguments on recent economic trends and the plight of the ghetto underclass. I shall draw upon data recently collected from a research project I am directing on poverty and family structure in the inner city neighborhoods of Chicago.

I should emphasize that Chicago is fairly typical of rustbelt cities such as New York, Cleveland, Detroit, and Baltimore. The general processes that I shall describe, such as the effects of plant shutdowns on ghetto neighborhoods and the class transformation of the inner city, have characterized social changes in all of these cities.

It is well established in the sociological literature that economic hardships adversely impact the formation and stability of families. Research has demonstrated, for example, a direct relationship between the timing of marriage and economic conditions. The more encouraging the latter, the earlier young people tend to marry. Indeed, the survey data collected by researchers in my project on urban poverty and family structure in Chicago show that employed fathers in Chicago's inner city neighborhoods are two and a half times more likely than non-employed fathers to marry the mother of their first child.

This finding supports the hypothesis that male joblessness is a central factor in the trends involving never-married parenthood in the ghetto. Indeed, black women generally, but especially young

black females residing in large cities are facing a shrinking pool of "marriageable," that is, economically stable, men. This problem is particularly acute in the poverty areas of the inner city.

For example, in the inner city neighborhoods of Oakland, Grand Boulevard, and Washington Park, three areas which compose the heart of Chicago's black ghetto, the aggregate ratio of employed males over adult females decreased sharply and continuously since 1950. At that time, 1950, there were roughly seven employed males aged 16 and over for every ten adult women in these neighborhoods, a ratio close to the citywide figure of 73 percent. Thirty years later, this proportion had dropped to 56 percent in Chicago, but plummeted to 24 percent in Grand Boulevard, 29 percent in Washington Park, and a mere 19 percent in Oakland—19 employed males for every 100 females.

No other group in urban America has experienced such a rapid and near total depletion of marriageable men. The sharp drop in the pool of marriageable men is a reflection of an accumulation of economic and social dislocations that have fundamentally altered the social fabric of inner city communities.

Today's ghetto neighborhoods are not only very different from other urban neighborhoods, they are also quite different from what they were 20 or 30 years ago. The evolution of the class structure of the ghetto testifies to an increasing segregation of the most deprived segments of the black community. This is most clearly seen in the skyrocketing rates of labor market exclusion.

The fate of the black community of North Lawndale on the City's West Side vividly exemplifies this cumulative process of social and economic dislocation that has swept through Chicago's inner city. After a quarter of a century of uninterrupted deterioration, North Lawndale resembles a war zone. Nearly half of its housing stock since 1960 has disappeared. What remains of it is, in most cases, rundown or dilapidated.

A recent survey of the data found that only eight percent of its buildings were in good to excellent conditions, with ten percent on the verge of collapse and another 40 percent in need of major rehabilitation. The physical deterioration of the neighborhood is matched only by its social deterioration. Levels of crime in North Lawndale have reached astronomical proportions. In 1985, its murder rate was twice that of the city and six times greater than the national average. Police contacts with juveniles were 20 times more frequent there than in the white neighborhoods on the North side of town.

While infant mortality has dropped both nationwide and in Chicago, it has continued to climb in North Lawndale. In 1985, it peaked at 28 deaths per 1000 live births, almost three times the national figure. According to recent counts, a full 70 percent of all babies in this community are born out of wedlock and half of all births are currently to mothers 21 or younger, with one in seven to girls aged less than 17.

The proportion of households headed by women doubled in the last decade, reaching 61 percent or twice the city average in 1980. At the same time, the proportion of those receiving welfare assistance, including food stamps and no-grant medical assistance, rose from one-third to one-half of the entire population.

Now these problems, these social problems, are closely related to a string of plant and store shutdowns that have gradually turned North Lawndale from a lively industrial and commercial hub into one of the most destitute ghetto neighborhoods in the city. Chicago still had more than 8,000 factories in 1970. By 1982, this figure was down to 5,200, a net loss of more than 35 percent. Because North Lawndale has, like many inner city neighborhoods across the country, depended heavily on smokestack industries for low-skilled jobs and steady income, it has shouldered more than its share of the costs of this deindustrialization.

In its good days, the economy of this Westside neighborhood was anchored by two huge factories, the famous Hawthorne plant of Western Electric with over 43,000 jobs, and a Harvester plant employing some 14,000 workers. The world headquarters of Sears Roebuck and Company was located in its midst, adding another 10,000 jobs.

Lorean Evans, a resident of North Lawndale and head of a local economic development group, recalls how the area was "just a conglomerate of stores then. We had an auto center and banks, a York's department store, a Woolworth's. We had all kinds of specialty shops." There were, among others, a Zenith and a Sunbeam factory, a Copenhagen snuff plant, an Alden's catalogue store, a Dell Farm food market, and a post office bulk station.

But things changed quickly. Harvester closed its gates at the end of the 1960s and is now a vacant lot. Zenith, Sunbeam, and Alden also shut down their facilities. Sears moved most of its offices to the downtown Loop in 1973, leaving behind only its catalogue distribution center with a work force of 3,000, until last year when it was relocated out of the State of Illinois. The Hawthorne factory gradually phased out its operation and finally closed down in 1984.

As the big plants left, so did the smaller stores, the banks, and numerous businesses dependent on the wages paid by large employers for their sales. To make matters worse, scores of stores were forced out of business or pushed out of the neighborhood by insurance companies in the wake of the 1968 riots that swept through Chicago's West Side after the assassination of Dr. Martin Luther King Jr. Others were burned or simply abandoned.

It has been estimated that the community lost 75 percent of its business establishments from 1960 to 1970 alone. Presently, North Lawndale has one bank and one supermarket, versus 48 state lottery agents, 50 currency exchanges, and 99 licensed bars and liquor stores for a population of over 60,000. During these decades, the easing of racial strictures on housing and the gradual improvement of economic opportunities for educated blacks in the corporate and public sectors, spurred by the civil rights movement and affirmative action programs, led many black middle-class and stable working-class families to leave the ghetto.

From 1970 to 1980, the number of poor families in North Lawndale decreased by one-tenth, but the number of non-poor families dropped by more than a third. The number of North Lawndale residents employed in manufacturing and construction, declined by two-thirds in 1960 to less than 5,200 workers 20 years later. The heavy bleeding of industrial jobs, combined with the accelerating exodus of working families produced a quadrupling of the official

unemployment rate and an even sharper drop in the employment rate.

In 1980, a large majority of all adults, 62 percent, living in North Lawndale, did not hold a job. These job losses resulted in a drop in the median family income from 74 percent of the city average in 1960 to less than half in 1980. Also, by 1980, seven of the 27 census tracts that comprise North Lawndale had poverty rates that exceeded 50 percent, while the overall poverty rate reached 43 percent, up from 30 percent only ten years earlier.

The increased joblessness, poverty, and receipt of welfare is signalling not merely a quantitative concentration of poverty, but a transformation of the social and economic structure of the inner city which, given the profound economic changes that I've discussed, puts their residents in a much more constraining situation than that of the poor of other neighborhoods. In other words, in extreme poverty areas, the progressive exodus and near total absence of working and middle-class families has several far-reaching consequences.

First, it removes an important social buffer that deflects the full impact of unemployment and thus leaves the ghetto poor more vulnerable to the kind of prolonged and increasing joblessness as a result of uneven economic growth and periodic recession that plagued inner city communities in the 1970s and early 1980s.

The absence of stable working families makes it considerably more difficult to sustain basic institutions in the inner city, for it cuts deep into their membership and saps their base of support. Banks, stores, professional services, and restaurants lose their best and most regular patrons. Churches see their audience dwindle and their resources shrink as their most concerned members leave the parish. Recreational facilities, block clubs, community groups and other informal organizations also fail to retain their most likely users.

The decline of these organizations in turn weakens the formal and informal controls over aberrant behavior and contributes to increasing levels of crime and street violence, which further fuels the decline of the neighborhood.

Second, concentration of poverty significantly impacts on the school and educational processes. More specifically, by lowering the class composition of the student body and the volume of cultural capital that children bring in from outside the school, it significantly reduces the chances of academic success. The concentration of low achieving students lowers teachers' moral. It also helps to undermine the connection between education and post-school employment, and thus affects aspirations and achievement.

It is not surprising that in our survey of employers in the Greater Chicago area, both black and white employers expressed concern about the quality of inner city education, and for that reason are reluctant to hire inner city high school graduates.

Third, the class transformation of the inner city drastically cuts off employment opportunities. One thing, there are fewer local businesses, service establishments and stores around that can offer jobs, particularly the kind of part-time jobs that are crucial to socialize youth into the world of work. Illegal activity, such as drug dealing, fencing stolen goods are often the only means by which

teenagers from these communities can get the income they and their families need. As a result, many of them routinely become involved with crime rather than with work.

More crucially though, inner-city residents become isolated from the job networks that permeate other neighborhoods. They lack the kind of informal contacts with employers or workers that are decisive to obtaining employment. In other words, with fewer kin, fewer friends, fewer acquaintances holding jobs or are in a position to influence hiring, they are less likely to learn about openings, to be recommended for and to retain such jobs as might become available.

For example, our study in Chicago reveals that employers in industries on the outskirts of Chicago, or on the suburban ring, recruit workers for job vacancies almost exclusively through the informal network of their current employees.

Fourth, as the structure of opportunity is distorted by the changes in the class transformation of the inner-city, the social perception of this structure is also altered. When the objective probability of achieving a socially rewarding and stable life symbolized by the presence of working and middle-class families decreases, high aspirations are difficult to entertain. Individuals are more likely to attempt to "adjust" to a condition perceived to be unchangeable and inevitable. This creates a circular process that feeds back onto itself, whereby the adjustment of subjective expectations and hopes reinforces the objective mechanisms that limit prospects for mobility through controlling institutional channels.

The effects of the features of the local social structure on the actions, aspirations, and expectations of individuals and families can hardly be overemphasized. In a neighborhood plagued by massive exclusion from the labor market and continual job losses, the stable employment opportunities are objectively minimal. Where chances of economic self-sufficiency are severely reduced for a sizeable proportion of the residents, it should not be surprising if many found it difficult to maintain a solid commitment to the labor force and belief in the economic promises of middle-class America. The experience of long and repeated spells of joblessness, or a succession of low-paying dead-end jobs that cannot generate sufficient income to support a family are hardly conducive to a strong attachment to the labor force.

Thus it is the social context, including the structure of opportunities, which explains the behavior, aspirations, and hopes of inner-city residents. Far from arising from a self-reproducing culture of poverty, their disposition toward the future is an expression of their objective future.

Moreover, the growth of inner-city welfare should be understood not as an autonomous force that generates other social problems, but as a response to the complex interaction of economic and social forces that have distorted the opportunity structure for ghetto residents and led to their increasing social isolation.

Indeed, data from our research project in Chicago show that welfare mothers who live in the ghetto are far less likely to expect to be free of welfare within less than a year, and far more likely to anticipate needing assistance for more than five years than welfare mothers who reside in the low-poverty areas. Those unable to

secure jobs in low-poverty areas have access to social and economic supports to help them avoid the public aid roles that their ghetto counterparts lack.

The mere fact of living in a ghetto or an extreme poverty area would increase one's uneasiness about entering the job market. "We all remember the anxiety in getting our first job," states one observer. "For a woman who has been out of the job market for years or maybe has never had a job, that anxiety can be greatly compounded. And many of these people live in isolated inner-city neighborhoods where there aren't many role models to offer skills at coping with the job market."

As one welfare mother in Chicago put it, seeking a job, "I get so nervous and scared going out looking for a job, meeting all them strange folks, you know. And I never know how to talk to them." Such feelings are likely to be far more common in socially isolated ghetto neighborhoods than in other areas of the city.

It is important to recognize this complex interaction of economic and social forces to avoid simplistic explanations that the problem is due to a lack of work commitment, an argument which is frequently made by some social scientists who, instead of actually conducting empirical research themselves, reach such conclusions on the basis of selective use of secondary documents.

My analysis thus leads me to strongly favor the non-welfare approach to the problems I have discussed. That is, to move beyond programs such as workfare in favor of a comprehensive package of policies anchored in economic measures designed to attack the structural roots of the problem rather than treat its more apparent symptoms at the level of individuals.

I believe that a program that combines progressive welfare reform with a job creation policy that would guarantee jobs to any American citizen unable to find employment in the private sector, and universal provision of child and health care, that David Ellwood has talked about, would be far more effective in the long-run in lifting people out of poverty and off the welfare rolls.

But given the seriousness of the problems of poverty concentration and social dislocations in the inner-city, I also find it imperative to effect changes in the current tax laws to free-up the financial means necessary to launch comprehensive reforms in the areas of education, training, child support assurance, and to expand the earned income tax credit. However, I think it is extremely important to recognize that there will be little enthusiasm for such reforms if they were discussed solely as benefiting the truly disadvantaged.

In the final analysis, the question of reform is a political one. Accordingly, if the issues are couched in terms of promoting economic security for all Americans, if the essential political message underscores the need for economic and social reform that benefits all groups in society, not just poor minorities, a basis for generating a broad-based political coalition to achieve such reform would be created.

Indeed, programs that guarantee jobs, reform public education, assure child support, provide child care and health care, and expand the earned income tax credit would draw overwhelming support from the American public if they are not narrowly target-

ed to the truly disadvantaged. We would therefore be able to improve the life chances of the ghetto underclass with programs in which the more advantaged groups of all races and class backgrounds could positively relate.

Mr. Chairman, I am fully aware that the cost of programs to expand social and economic opportunity will be great, but it must be weighed against the economic and social costs of a do-nothing policy. In short, our nation would be far better off if we were to take positive steps to reduce economic deprivation in the ghetto and all the problems associated with it.

Chairman MILLER. Thank you very much for your testimony.

[Prepared statement of Professor William Wilson follows:]

PREPARED STATEMENT OF WILLIAM JULIUS WILSON, LUCY FLOWER DISTINGUISHED SERVICE PROFESSOR OF SOCIOLOGY AND PUBLIC POLICY, UNIVERSITY OF CHICAGO, CHICAGO, IL

RECENT ECONOMIC TRENDS AND THE TRULY DISADVANTAGED

by William Julius Wilson

Mr. Chairman and members of the Select Committee on Children, Youth and Families, my name is William Julius Wilson. I am a Professor of Sociology and Public Policy at the University of Chicago. I have been asked to discuss some issues raised in my recent book, The Truly Disadvantaged.[1] For the purposes of this presentation I should like to discuss my arguments on recent economic trends and the plight of the ghetto underclass. I shall draw upon data recently collected from a research project I am directing on poverty and family structure in the inner-city neighborhoods of Chicago.[2]

Chicago is fairly typical of rustbelt cities such as New York, Cleveland, Detroit, and Baltimore and the general processes that I shall describe, such as the effects of plant shutdowns on ghetto neighborhoods and the class transformation of the inner city, have characterized social changes in all of these cities.

Social Conditions in the Inner City

Social conditions in the ghettos of Northern metropolises have never been enviable, but today they are scaling new heights in deprivation and hardship. The situation of Chicago's black inner city is emblematic of the social changes that have sown despair and exclusion in these communities. As table 1 indicates, an

unprecedented tangle of woes is now gripping the black communities of the city's South and West sides. These racial enclaves have experienced rapid increases in the number and percentages of poor families, extensive outmigration of working- and middle-class households, stagnation of income, and record levels of unemployment. As of the last census, over two-thirds of all families living in these areas were headed by women; about half of the population had to rely on public aid, for most adults were out of a job and only a tiny fraction of them had completed college.

The largest single force behind this increasing social and economic marginalization of large numbers of inner-city blacks has been a set of mutually reinforcing spatial and industrial changes in the country's urban political economy that have converged to undermine the material foundation of the traditional ghetto. Among these structural shifts are the decentralization of industrial plants, which started at the time of World War I but accelerated sharply after 1950, and the flight of manufacturing jobs abroad, to the Sunbelt states, or to the suburbs and exurbs at a time when blacks were continuing to migrate en masse to Rustbelt central cities; and the general deconcentration of metropolitan economies and the turn toward service industries and occupations.

In 1954, Chicago was still near the height of its industrial power. Over 10,000 manufacturing establishments operated within the city limits, employing a total of 616,000 workers, including nearly half a million production workers. By 1982, the number of plants had been cut by half, providing a mere 277,000, in sharp contrast with the overall growth of manufacturing employment in

Table 1. Selected Characteristics of Chicago's Ghetto Neighborhood, 1970-1980

	Area	%Families Below Poverty Line		%Unemployed		%Female-Headed Families		Median Family Income*		%With 4-Year College Degree	
		1970	1980	1970	1980	1970	1980	1970	1980	1970	1980
:ST SIDE	Near West Side	35	47	8	16	37	66	6.0	7.5	5	13
	East Garfield Park	32	40	8	21	34	61	6.4	9.7	1	2
	North Lawndale	30	40	9	20	33	61	7.0	9.9	2	3
	West Garfield Park	25	37	8	21	29	58	7.5	10.9	1	2
UTH SIDE	Oakland	44	61	13	30	48	79	4.9	5.5	2	3
	Grand Boulevard	37	51	10	24	40	76	5.6	6.9	2	3
	Washington Park	28	43	8	21	35	70	6.5	8.1	2	3
	Near South Side	37	43	7	20	41	76	5.2	7.3	5	9

*in thousands of dollars annually

Source: Chicago Fact Book Consortium, Local Community Fact Book: Chicago Metropolitan Area, Chicago, The Chicago Review Pres 1984.

the country which added almost 1 million production jobs in the quarter-century starting in 1958. This crumbling of the city's industrial base was accompanied by substantial cuts in trade employment--over 120,000 jobs were lost in retail and wholesale from 1963 to 1982. The mild growth of services--which increased by 57,000 during the same period, excluding health, financial, and social services--came nowhere near to compensating for this collapse of Chicago's low-skilled employment pool. Because blacks have traditionally relied on manufacturing and blue-collar employment for economic sustenance, the upshot of these structural economic changes for the residents of the inner city has been a steep and accelerating rise in labor market exclusion. In the 1950s, ghetto blacks had roughly the same rate of employment as the average Chicagoan, with some 7 adults in 10 working. While this ratio has not changed citywide over the ensuing three decades, nowadays most inhabitants of the Black Belt cannot find gainful employment and must resort to welfare or to illegal activities in order to survive. In 1980, two adults in three did not hold jobs in the South- side ghetto neighborhoods of East Garfield Park and Washington Park, and three adults in four were not employed in Grand Boulevard and Oakland.

As the metropolitan economy moved away from smokestack industries and expanded outside of Chicago, emptying the Black Belt of most of its manufacturing jobs and employed residents, the gap between the ghetto and the rest of the city, not to mention its suburbs, widened dramatically. By 1980, median family income on the South and East sides had dropped to around one-third and one-

half of the city average, respectively, compared with two-thirds and near-parity thirty years earlier.

It is well established in the sociological literature that economic hardships adversely impact the formation and stability of families. Research has demonstrated, for example, a direct relationship between the timing of marriage and economic conditions: the more encouraging the latter, the earlier young people tend to marry. Indeed, the survey data collected by researchers in our Urban Poverty and Family Structure Project show that employed fathers in Chicago's inner-city neighborhoods are two and a half times more likely than nonemployed fathers to marry the mother of their first child.[3] This finding supports the hypothesis that male joblessness is a central factor in the trends involving never-married parenthood in the ghetto. Indeed, black women generally, but especially young black females residing in large-cities, are facing a shrinking pool of "marriageable" (that is, economically stable) men.[4] And this problem is particularly acute in the poverty areas of the inner city. For example, in Oakland, Grand Boulevard, and Washington Park, three areas which compose the heart of Chicago's black ghetto, the aggregate ratio of employed males over adult females decreased sharply and continuously since 1950. At that time there were roughly 7 employed males for every 10 adult women in these neighborhoods, a ratio close to the citywide figure of 73 percent. Thirty years later, this proportion had dropped to 56 percent in Chicago, but plummeted to 24 percent in Grand Boulevard, 29 percent in Washington Park, and a mere 19 percent in Oakland. No other group in urban America has experienced such a rapid and near-

total depletion of marriageable men. The sharp drop in the pool of "marriageable men" is a reflection of a cumulation of economic and social dislocations that have fundamentally altered the social fabric of inner-city communities. Todays ghetto neighborhoods are not only very different from other urban neighborhoods, they are also quite different from what they were 20 or 30 years ago. The evolution of the class structure of the ghetto testifies to an increasing segregation of the most deprived segments of the black community. This is most clearly seen in the skyrocketing rates of labor market exclusion.

The fate of the black community of North Lawndale on the city's West Side vividly exemplifies this cumulative process of social and economic dislocation that has swept through Chicago's inner city.[5] After a quarter-century of uninterrupted deterioration, North Lawndale resembles a war zone. Nearly half of its housing stock since 1960 has disappeared; what remains of it is, in most cases, rundown or dilapidated. A recent survey of the area found that only 8 percent of its buildings were in good to excellent condition, with 10 percent on the verge of collapse and another 40 percent in need of major rehabilitation. The physical deterioration of the neighborhoods is matched only by its social deterioration. Levels of crime in North Lawndale have reached astronomical proportions: in 1985, its murder rate was twice that of the city and six times greater than the national average. Police contacts with juveniles were 20 times more frequent than in the white neighborhoods on the North side of town. While infant mortality has dropped both nationwide and in Chicago, it has continued to climb in

North Lawndale. In 1985, it peaked at 28 deaths per one thousand live births, almost three times the national figure. According to recent counts, a full 70 percent of all babies in this community are born out-of-wedlock. And half of all births are currently to mothers 21 or younger, with 1 in 7 to girls aged less than 17. The proportion of households headed by women doubled in the last decade, reaching 61 percent or twice the city average in 1980. At the same time, the proportion of those receiving welfare assistance, including food stamps and no-grants medical assistance, rose from one third to one half of the entire population.

These problems are closely related to a string of plant and store shutdowns that have gradually turned North Lawndale from a lively industrial and commercial hub into one of the most destitute ghetto neighborhoods of the city. Chicago still had more than 8,000 factories in 1970; by 1982, this figure was down to 5,200, a net loss of more than 35 percent. Because North Lawndale has, like many inner-city neighborhoods across the country, depended heavily on smokestack industries for low-skilled jobs and steady income, it has shouldered more than its share of the costs of this deindustrialization. In its good days, the economy of this West Side neighborhood was anchored by two huge factories, the famous Hawthorne plant of Western Electric with over 43,000 jobs and a Harvester plant employing some 14,000 workers; the world headquarters of Sears, Roebuck and Company was located in its midst, adding another 10,000 jobs. Lorean Evans, a resident of North Lawndale and head of a local economic development group, recalls how the whole area was "just a conglomerate of stores then.

We had an auto center and banks, a York's department store, a Woolworth's. We had all kinds of specialty shops."[6] There were, among others, a Zenith and a Sunbeam factory, a Copenhagen snuff plant, an Alden's catalogue store, a Dell Farm food market, and a post office bulk station. But things changed quickly: Harvester closed its gates at the end of the 1960s and is now a vacant lot. Zenith, Sunbeam and Alden also shut down their facilities. Sears moved most of its offices to the downtown Loop in 1973, leaving behind only its catalogue distribution center, with a workforce of 3,000, until last year when it was relocated out of the state of Illinois. The Hawthorne factory gradually phased out its operations and finally closed down in 1984. As the big plants left, so did the smaller stores, the banks, and numerous other businesses dependent on the wages paid by large employers for their sales. To make matters worse, scores of stores were forced out of business or pushed out of the neighborhood by insurance companies in the wake of the 1968 riots that swept through Chicago's West Side after the assassination of Dr. Martin Luther King, Jr. Others were burned or simply abandoned. It has been estimated that the community lost 75 percent of its business establishments from 1960 to 1970 alone. Presently North Lawndale has one bank and one supermarket versus 48 state lottery agents, 50 currency exchanges, and 99 licensed bars and liquor stores for a population of over 60,000.

During these decades, the easing of racial strictures on housing and the gradual improvement of economic opportunities for educated blacks in the corporate and public sectors, spurred by the civil rights movement and affirmative action programs, led many

black middle-class and stable working-class families to leave the ghetto. From 1970 to 1980, the number of poor families in North Lawndale decreased by one tenth, but the number of nonpoor families dropped by more than a third. The heavy bleeding of industrial jobs--the number of North Lawndale residents employed in manufacturing and construction declined by two thirds, from 15,200 in 1960 to less than 5,200 twenty years later-- combined with the accelerating exodus of working families to produce a quadrupling of the official unemployment rate and an even sharper drop in the employment rate. In 1980 a large majority of all adults (62%) living in North Lawndale did not hold a job, compared to only 4 in 10 adults without employment in 1950 when the neighborhood had the same employment ratio as the rest of the city. These job losses resulted in a drop in the median family income from 74 percent of the city average in 1960 to less than half in 1980. Also, by 1980, 7 of the 27 census tracts that comprise North Lawndale had poverty rates that exceeded 50 percent, while the overall poverty rate reached 43 percent, up from 30 percent only 10 years earlier.

The Transformation of the Inner City: Social Consequences

The increased joblessness, poverty, and receipt of welfare signal not merely a quantitative concentration of poverty, but a transformation of the social and institutional structure of the inner city which, given the profound economic changes discussed in some detail above, puts their residents in a much more constraining situation than that of the poor of other neighborhoods. In other words, in extreme poverty areas, the progressive exodus and near-

total absence of working- and middle-class families has several far-reaching consequences.

First, it removes an important "social buffer" that deflects the full impact of unemployment and thus leaves the ghetto poor more vulnerable to the kind of prolonged and increasing joblessness, as a result of uneven economic growth and periodic recessions, that plagued inner-city communities in the 1970s and early 1980s.[7] The absence of stable working families makes it considerably more difficult to sustain basic institutions in the inner city for it cuts deep into their membership and saps their base of support: banks, stores, professional services, and restaurants lose their best and most regular patrons; churches see their audience dwindle and their resources shrink as their most concerned members leave the parish; recreational facilities, block clubs, community groups and other informal organizations also fail to retain their most likely users. The decline of these organizations, in turn, weakens the formal and informal controls over aberrant behavior and contribute to increasing levels of crime and street violence, which further fuel the decline of the neighborhood.

Second, the concentration of poverty significantly impacts on the school and educational processes. More specifically, by lowering the class composition of the student body and the volume of "cultural capital" that children bring in from outside the school, it significantly reduces the chances of academic success. The concentration of low-achieving students lowers teachers' morale. It also helps to undermine the connection between education and post-school employment and thus affects aspirations and achievement.

This makes it difficult for the school to compete with other available sources of income and status.

Third, the class transformation of the inner city drastically cuts off employment opportunities. For one thing, there are fewer local businesses, service establishments, and stores around that can offer jobs, particularly the kind of part-time jobs that are crucial to socialize youths into the world of work. Illegal activities such as drug dealing or fencing stolen goods are often the only means by which teenagers from these communities can get the income they and their families need. As a result, many of them routinely become involved with crime rather than with work. More crucially, though, inner-city residents become isolated from the job networks that permeate other neighborhoods. They lack the kind of informal contacts with employers or workers that are decisive to obtaining employment. In other words, with fewer kin, friends, or acquaintances holding jobs or in a position to influence hiring, they are less likely to learn about openings, to be recommended for, and to retain such jobs as might become available.

Fourth, as the structure of opportunity is distorted by the changes in the class transformation of the inner city, the social perception of this structure is also altered. When the objective probability of achieving a socially rewarding and stable life, symbolized by the presence of working-and middle-class families, decreases, high aspirations are difficult to entertain and individuals are more likely to attempt to "adjust" to a condition perceived to be unchangable and inevitable. This creates a circular process that feeds back onto itself, whereby the adjustment of

subjective expectations and hopes reinforces the objective mechanisms that limit prospects for mobility through controlling institutional channels.

The effects of the features of the local social structure on the actions, aspirations, and expectations of individuals and families can hardly be overemphasized. In a neighborhood plagued by massive exclusion from the labor market and continual job losses, where stable employment opportunities are objectively minimal, and where chances of economic self-sufficiency are severely reduced for a sizable proportion of the residents, it should not be surprising if many find it difficult to maintain a solid commitment to the labor force and belief in the economic promises of middle-class America. The experience of long and repeated spells of joblessness, or a succession of low-paying dead-end jobs that cannot generate sufficient income to support a family are hardly conducive to a strong attachment to the labor force.

Thus it is the social context, including the structure of opportunities, which explains the behavior, aspirations, and hopes of inner-city residents. Far from arising from a self-reproducing culture of poverty, their disposition toward the future is an expression of their objective future. Moreover, the growth of inner-city welfare should be understood, not as an autonomous force that generates other social problems, but as a response to the complex interaction of economic and social forces that have distorted the opportunity structure for ghetto residents and led to their increasing social isolation.

Indeed, data from our research project in Chicago show that welfare mothers who live in the ghetto are far less likely to expect to be free within less than a year and far more likely to anticipate needing assistance for more than five years than welfare mothers who reside in low-poverty areas. Those unable to secure jobs in low-poverty areas have access to social and economic supports to help them avoid the public-aid rolls that their ghetto counterparts lack. Indeed, the mere fact of living in a ghetto or an extreme poverty areas could increase one's uneasiness about entering the job market. "We all remember the anxiety in getting our first job," Thomas Corbett, of the Institute for Research on Poverty has stated elsewhere. "For a women who has been out of the job market for years, or maybe has never had a job, that anxiety can be greatly compounded. And many of these people live in isolated inner-city neighborhoods, where there aren't many role models to offer skills at coping with the job market."[8] As one welfare mother seeking a job in Chicago put it, "I get so nervous and scared going out looking for a job. Meeting all them strange folks, you know. And I never know how to talk to em."[9] Such feelings are likely to be far more common in socially isolated ghetto neighborhoods than in other areas of the city.

The complex interaction of economic and social forces is not considered in the arguments put forth by Lawrence Mead, who maintains that because opportunities for work are widely available, the problem of inner-city joblessness cannot be blamed on limited employment prospects. This conclusion is not based on any actual

empirical research conducted by Mead, rather it is based on the selective use of secondary documents.

The important point to be made, however, is that Mead's thesis has been seriously undermined in a forthcoming article in the Annals of the American Academy of Political and Social Science that carefully analyzes data from the Census Public Use Microdata sample files.[10] This study demonstrates that while employment increased in every occupational classification in the suburban rings of all selected Northern metropolises, blue-collar, clerical, and sales jobs declined sharply between 1970 and 1980 in the central cities even though there was substantial growth in the number of managerial, professional, and higher-level technical and administrative support positions. These occupational shifts have contributed to major changes in the educational composition of central-city jobholders--precipitious net declines in slots filled by persons with poor education and rapid increases in slots filled by those with at least some college training.

These changes are particularly problematic for the black urban labor force which remains overrepresented among those with less than a high school education for whom city employment has sharply declined and greatly underrepresented among those, especially college graduates, for whom city employment has rapidly expanded. From 1950 to 1970 there were substantial increases in the number of blacks hired in the urban industrial sector who had not graduated from high school, but after 1970 the "bottom fell out in urban industrial demand for poorly educated labor."[11]

Challenging the thesis put forth by economists that it is race rather than space that determines the differential black employment rates, data from this study show that not only have blacks with less than a high school education in the suburban ring experienced considerably lower unemployment than their counterparts in the central city, but that these city-suburban differences have actually widen since 1969. Finally, this study reveals that compared with lesser-educated whites, lesser-educated blacks must endure considerably longer commuting time in reaching suburban jobs and are highly dependent on private vehicles to reach such jobs. And when one considers, that our study in Chicago found that only 18 percent of the jobless in ghetto neighborhoods have access to a car, we can only conclude that not owning an automobile severely curtails the chances of ghetto blacks when they compete for available jobs that are not located near by or that are not readily accessible by public transportation.

Toward a Meaningful Program of Social and Economic Reform

What implications does this analysis have for public policy? In recent years, a liberal-conservative consensus on the question of welfare reforms has emerged around the notions that (1) public assistance should be based on reciprocal responsibilities whereby society is obligated to provide assistance to welfare recipients who in turn are obligated to society to behave in socially approved ways, and (2) able-bodied adult recipients should be required to prepare themselves for employment, to search for work, and to accept jobs

when they are offered. Both of these themes were emphasized in the major welfare reform reports released in 1986 and 1987, and figure prominently in the welfare reform legislation currently under consideration in Congress. However, because many of those involved in the formulation of a new welfare policy have been influenced by assumptions about a welfare culture, they have paid much too little attention to the broader economic and social structural factors that are responsible for the crystallization of a large underclass, including those experiencing persistent welfare dependency. Except for Governor Cuomo's Task Force Report on Welfare Reform, calls for changes in the welfare system seldom consider the problems associated with the loss of economic opportunity for the truly disadvantaged segments of our population due to fundamental changes in the American economy, including periodic recessions. These problems, ranging from family break-up and marriage delay to the deterioration of inner-city neighborhoods are prime sources of continued welfare need.

My analysis thus leads me to strongly favor the nonwelfare approach to the problems I have discussed, that is, to move beyond programs such as workfare in favor of a comprehensive package of policies anchored in economic measures designed to attack the structural roots of the problem rather than treat its more apparent symptoms at the level of individuals. I believe that a program that combines progressive welfare reform with a job creation policy that would guarantee job opportunities to any American citizen unable to find employment in the private sector, and universal provision of child and health care would be far more effective in the long run in

lifting people out of poverty and off the welfare rolls. But given the seriousness of the problems of poverty concentration and social dislocations in the inner city, I also find it imperative to effect changes in the current tax laws to free up the financial means necessary to launch comprehensive reforms in the areas of education, training, child support assurance, and to expand the earned income tax credit.

However, I think it is extremely important to recognize that there would be little enthusiasm for such reforms if they are discussed as solely benefiting the truly disadvantaged. In the final analysis, the question of reform is a political one. Accordingly, if the issues are couched in terms of promoting economic security for all Americans, if the essential political message underscores the need for economic and social reform that benefits all groups in society, not just poor minorities, a basis for generating a broad-based political coalition to achieve such reform would be created. Indeed programs that guarantee jobs, reform public education, assure child support, provide child care and health care, and expand the earned income tax credit would draw overwhelming support from the American public if they are not narrowly targeted to the truly disadvantaged. We would therefore be able to improve the life chances of the the ghetto underclass with programs in which the more advantaged groups of all races and class backgrounds could positively relate.

Mr. Chairman, I am fully aware that the cost of programs to expand social and economic opportunity will be great, but it must be weighed against the economic and social costs of a do-nothing

policy. In short, our nation would be far better off if we were to take positive steps to reduce economic deprivation in the ghetto and all the problems associated with it.

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[1]William Julius Wilson, The Truly Disadvantaged: The Inner City, The Underclass, and Public Policy. Chicago: University of Chicago Press, 1987.

[2]This presentation is based in part on the following papers: William Julius Wilson, "The Underclass: Issues, Perspectives and Public Policy ." Annals of the American Academy of Political and Social Science (January 1989), in press; Loic J. D. Wacquant and William Julius Wilson, "Poverty, Joblessness, and the Social Transformation of the Inner City," in Reforming Welfare Policy, ed. D. Ellwood and P. Cottingham (Cambridge, Mass: Harvard University Press, 1988), in press; and Loic J. D. Wacquant and William Julius Wilson, "The Cost of Racial and Class Exclusion in the Inner City," Annals of the American Academy of Political and Social Science (January 1988), in press.

[3]See Mark Testa, Nan Astone, Marilyn Krough, and Kathryn M. Neckerman, "Ethnic Variation in Employment and Marriage Among Inner-City Fathers," Annals of the American Academy of Political and Social Science (January 1989) in press.

[4]William Julius Wilson and Kathryn M. Neckerman, "Poverty and Family Structure: The Widening Gap between Evidence and Public Policy Issues," in Fighting Poverty: What Works and What Doesn't ,

ed. by Sheldon H. Danziger and Daniel H. Weinberg. (Cambridge Mass: Harvard University Press, 1986), pp. 232-259.

[5]In this section, materials are drawn from Chicago Tribune, The American Millstone: An Examination of the Nation's Permanent Underclass (Chicago: Contemporary books) 1985; Tom Brune and Eduardo Camacho, A Special Report: Race and Poverty in Chicago, Chicago Reporter and the Center for Community Research and Assistance, 1983; and The Chicago Fact Book Consortium, Local Community Fact Book: Chicago Metropolitan Area, Chicago (Chicago Review Press, 1984) as well as previous editions of the Local Community Fact Book and recent field observations.

[6]Chicago Tribune, The American Millstone, p. 204

[7]William Julius Wilson, The Truly Disadvantaged.

[8]Quoted in Dirk Johnson, "Anti-Poverty Program Seeks to Build Self-Esteem," The New York Times, February 21, 1988, p. 13.

[9]Ibid.

[10]John D. Kasarda, "Urban Industrial Transition and the Underclass," Annals of the American Academy of Political and Social Science (January 1989).

[11]Ibid.

Chairman MILLER. We're going to take a break to go answer this roll call and then the committee will come right back and, Doctor Mead, we'll start with you.

[Whereupon, at 10:24 a.m., the subcommittee recessed, to reconvene at 10:42 a.m. the same day.]

Chairman MILLER. The select committee will reconvene.

Doctor Mead, we'll continue with you. Welcome to the committee.

STATEMENT OF LAWRENCE M. MEAD, PH.D., ASSOCIATE PROFESSOR OF POLITICS, NEW YORK UNIVERSITY, NEW YORK, NY

Professor MEAD. Thank you, Mr. Chairman.

I appreciate the chance to testify on this important question alongside these distinguished scholars, all of whom I think have made important contributions to the debate.

I'll be speaking mainly on the basis of my book, "Beyond Entitlement," but also subsequent research. My comments are about the poverty of families with working age families, especially those that are poor long-term. I don't claim that what I say would apply to other poor people necessarily.

By non-work, I mean both unemployment and non-participation in the labor force by adults who are needy. I believe that the main cause of family poverty today is non-work, namely the failure of parents of poor families to work, including single mothers, single fathers, and intact families. This is the reason, I think, why the poor are not participating in the current prosperity.

There's a direct connection between work effort and poverty. I passed out some tables that amplify some figures in my text. The poor simply work less than the better off. That is the initial reason that they are poor in most cases. Now, for the moment, I say nothing about causes.

For all individuals 15 and over, two-thirds are working at least part-time, while among the poor the figure is only 42 percent. Among the black poor, it's only 34 percent and 66 percent are not working at all. That virtually reverses the proportions for the population as a whole. That is the initial cause of most family poverty today.

Notice also the big differences in terms of the share that are working full-year. It's the lack of regular work, every day, every week, that makes the difference. Whether it's part-time or full-time makes less difference.

Work levels are lowest among the adults who are the worse off and whom we worry the most about. Among welfare mothers, at a given time, only five percent are working. Among single men, there's a lot of evidence, direct and indirect, that work levels have dropped. Bill Wilson has just referred to that. We would expect the poor to work more than the better off, because they need the money, but actually they work less. That is the fundamental mystery.

There is also a direct connection between work levels and poverty. The other table shows that 24 percent of families are poor if the head does not work, only seven percent if the head works at any time in the year, only three percent if he or she works full-time,

full-year. That same very sharp grading is evident for minority families and female headed families, even though in those cases the poverty levels are higher at each work level. So, we have this dramatic, inverse connection between work levels and poverty levels. Poverty also falls sharply as the number of workers in the family increases.

Non-work is also getting worse. According to Census figures in 1959, 68 percent of the heads of poor families were working, 32 percent of them were working full-time, full-year, and only 31 percent were not working at all.

In 1984, only 49 percent of them were working, only 17 percent full-time, full-year, and 51 percent were not working at all. There's a shift away from employment. And I might add, this is true even though the mix of the poor is changing in the direction of working age people. In 1959, the minority of the poor were working aged. Today, 49 or 50 percent are working aged. The elderly have declined. Children have declined. Working aged adults have increased, and yet working levels have dropped.

I also think non-work is a more important cause of poverty than family break-up. Most poor single-parent families were poor before the father left as well as after, so that the loss of the father's income conceals a more fundamental lack of earnings, even before the break-up.

Also, family break-up does not cause poverty if the mother works. About half of all single mothers with children are working, three-quarters of them full-time, and that's the reason that half of them escape poverty. Those that are poor are predominately those that are not working, and therefore they go on welfare. It's quite true, as David Ellwood said, that most married mothers do not work full-time, but the appropriate question to ask is, what are the other single mothers doing? Most of them are working, and that's why they're avoiding poverty.

So, family poverty is initially an employment problem. Unemployment among black men is certainly critical. The question to ask is, though, why are they unemployed? We should not assume today that unemployment is attributable to a depression-like lack of opportunity.

A number of barriers to work are cited. I believe the evidence for them is unconvincing. In particular, it's claimed that low wages discourage the poor from working, that there are many working poor people. That is certainly true, but I would point out that there are many more non-working poor, even if working is defined to mean work at any time during the year. My table shows that.

It's also claimed the minimum wage doesn't support a family. That is certainly true. I advocate raising the minimum wage. Nevertheless, most minimum wage workers are not poor. Most of them are part-time. Most of them are not heads of households. Most of them are living in families with other workers, so they're not poor.

Overwhelmingly, the cause of poverty today is low working hours, not low wages. In order to show that lack of opportunity is the reason, you have to show that jobs are not available at all at any wage. There were some reasons to argue this in the '70s, I think, when the economy went through serious problems. There were recessions and the baby boom was joining the labor force.

That argument is much less plausible today. Unemployment is below six percent. Low-skilled labor, it seems to me, is in demand. There are four million illegal aliens in the country working at jobs for which apparently citizens are unavailable.

There is a lot of research by economists to suggest that unemployment today is frequently voluntary in the strict sense that people have jobs they could take, but they are looking for better jobs. In interviews, most poor people say that lack of jobs is not the main reason they're not working. It's usually something else. It's family responsibilities. It's going to school. It's disability. It's retirement. It's a number of things, but usually not a literal lack of jobs.

Now, the most persuasive version of the view that jobs are absent is the mismatch theory that Bill Wilson has spoken of, and I think has done as well as anyone to document. The argument says that the departure of the factories from the inner-city deprives poor people of job opportunities, also that the new jobs in the economy demand more education than poor people have. It sounds very plausible.

But to date we haven't had a demonstration that the people who are disadvantaged by those conditions are the same people that are now unemployed in the inner-city. The evidence we have is that most workers who are deindustrialized, that is who lose factory jobs, take other jobs fairly quickly. It's hard to say that they are the same people who lack jobs for long periods in the inner-city.

Also, concrete studies of the situation in Chicago and Los Angeles have not shown that commuting problems are the reason why minorities have higher unemployment rates.

I also think that some of the rising educational demands are an attempt by employers to compensate for falling standards in the schools, not that they actually demand higher skills than they used to.

As for more social barriers, the question is whether welfare mothers can work. I think most of them can, at least part-time. I agree with David that a part-time standard is an appropriate one for them. I also see little evidence that lack of child care is a serious barrier for employment purposes. It may be for other purposes, such as early childhood education for children, but most mothers arrange child care informally, and that appears to be adequate at least for employment purposes.

The same with racial discrimination. We don't have a lot of systematic information here, but there is little reason to think that the situation is worse than it was 20 or 30 years ago. It's probably better. Yet, it's during those 20 or 30 years that this very serious situation has developed in the inner-city.

My general feeling about the barriers to employment is that they explain inequality rather than non-work. That is, they explain why people who are working may be worse off today than before, because they lack the skills that the economy awards most heavily, because wages have fallen in real terms for many people. Those are serious problems, but they explain inequality rather than poverty. That is, they explain low wages rather than lack of work. It seems to me a lot of jobs are available. They are mostly unattractive, but jobs are available, and those jobs are sufficient to stay out of poverty and welfare.

So, the adverse trends of the economy explain poor opportunity in the sense of worse prospects for workers, but they do not explain failure to work at all in some job. That's an important distinction for understanding what's going on. Therefore, I think the trends should be seen as disadvantageous for working poor people and for people who are working steadily, but I don't think they can explain why people fail to work at all in such levels among the poor.

I feel some part of the problem, and it's really the mystery, is that the response to opportunity on the part of today's poor does appear to be more passive than seen among previous groups of poor. That's the central mystery. We have to explain where that hesitation comes from. I think it has a number of causes, some of which have to do with the history of these groups, and others have to do with the structure of policy, particularly the lack of serious work requirements in welfare.

Now, as to policy, I would support some of the work-oriented strategies that David Ellwood has mentioned, particularly a higher minimum wage, higher E.I.T.C., perhaps other benefits for workers. It's a good idea to make work pay. But I would not think that that is sufficient, because work already pays. Work is already a powerful antidote to poverty, and there's not much we need to do to improve that. We can do something to improve it, but we should not imagine that that is our main problem.

As far as income strategies, I also support the emphasis that David has given to child support. It is very salutary, and we should do everything we can to enforce it. But I am concerned that some versions of child support, particularly that involving an assured benefit, would effectively relabel welfare as something else. We would not, in fact, escape the dilemmas of welfare by providing people unconditional assistance under some other name, such as child support.

The child support proposals typically involve no work requirement at all. The mother, if she wants, can live on the assured benefit forever without having to do anything else. I don't believe that that would satisfy public concerns about long-term dependency.

The other concern I have is that the ideal of social contract, which underlies much of current welfare thinking, implies that the benefit and the obligation associated with support should impinge in the same person. And the trouble with child support is that all the burden goes on the father. We want him to want to work, and child support will make work seem less advantageous to him. The benefit goes entirely to the mother. So, although I would certainly obligate the father, I think the mother does have an obligation too. I would certainly agree that she might not have to work full-time, but she should certainly have to work part-time. Now, only five percent of welfare mothers now are working even part-time. Meanwhile, as I mentioned, half of single mothers in general are working at least part-time, three-quarters full-time. So, it's appropriate to ask a much higher level of work effort from the mothers, even if it is only half-time.

The other concern I have is that we do something about work obligations in welfare. I'm known as an advocate of workfare, but I want to emphasize that the version of workfare that I support is a fairly generous one, in which there would be training available,

education available, opportunities available. The obligatory aspect of workfare should overwhelmingly be the obligation to participate, to have to join the program, to get out of the house, to go somewhere in the morning. That is the critical change for today's nonworking poor. It matters much less what they do. I myself don't think it's critical that everybody have to work immediately in some job, but it is absolutely critical that they have to do something constructive to better themselves.

In my own studies of workfare programs, I've controlled as well as possible for the economic conditions that Bill has spoken of. And I don't find that they dictate the success of workfare programs critically. They certainly have an influence and a negative influence, as he says, but more important than those conditions is the level of obligation in the program, and especially the level of participation expected. The share of the clients who have to participate actively, that is the thing more than anything else that causes workfare to succeed or fail.

If you obligate a high share of the employable clients to do something to help themselves, then you begin to overcome that passivity and thereby get them to contribute to overcoming poverty. It's engaging their energies. That's the thing that we most have to do, and in order to do that we have to have a participation requirement.

I think workfare should be understood as a form of compulsory education, akin to public education in schools. We should see this as a further stage of education, a preparation to participate in American life on the part of people who have difficulties, who have not found a way to do that up to now. Just as we have to require children to go to school in order to have opportunities really available to them, so we have to require welfare recipients to do something to help themselves in order that they have opportunity. There is a connection between the benefit and the obligation. We can't really have one without the other.

So, I think that workfare is the best single reform that we can undertake. I don't minimize the need for child support, the need for measures to make work pay, but the central thing that we have to overcome is the passivity of the poor in seizing the opportunities that already exist. I don't contend those are great opportunities. I don't contend that the jobs are good ones. I don't contend that there hasn't been a decline in the quality of jobs for unskilled people. All of that is true. But, again, that is something that creates inequality among workers. I don't believe that it literally explains poverty as long as jobs at some wage are available. And they seem to be.

It seems to me that, at the margin anyway, most poor people today can find some legal job, and it's for some reason their failure to move into those positions that is the central mystery. If we can do something to deal with that, then I think we will have done the best we can to deal with poverty today.

Now, why don't we enforce work? I understand that the welfare bill is tied up in conference. Disagreement over the work obligation in the bill is the issue. It may never get out of conference. I myself think that the provision requiring that the unemployed fathers work is less critical than the provision that says that the participa-

tion rate in workfare programs should increase from the current 15 percent to 22 percent. I would raise it further. I would raise it to 50 percent over several years. That would get us to the point where we could say that the norm on welfare was doing something to help yourself rather than doing nothing. That should be our objective, and to get that I would be prepared to leave out the unemployed parent provisions.

But it's possible that nothing will happen. Even if the bill is passed it involves a very minor reform from what we have now. The fact is, there is great resistance in Congress to having a serious work policy in welfare. I think the origin of that is the attitude of entitlement that we still have among politicians especially, the notion that there is some level of benefit that people should get as a matter of right simply by being needy, even if they are employable, without doing anything to help themselves. That's what we have to overcome.

We have to go over seriously to a contractual notion where the poor, at least those who are employable and who are drawing public funds, do something to help themselves in return for support. If we move that way, we will in fact do what the public wants, and we will do as well the best thing we can do to overcome poverty.

Chairman MILLER. Thank you.

[Prepared statement of Professor Lawrence Mead follows:]

PREPARED STATEMENT OF LAWRENCE M. MEAD, ASSOCIATE PROFESSOR, DEPARTMENT OF POLITICS, NEW YORK UNIVERSITY, NEW YORK, NY

ABSTRACT

Most poverty among familes today is due to nonwork, or the fact that poor adults seldom work normal hours. Nonwork is most visible on welfare but affects many other poor people as well. Work levels dropped among the poor just when they were rising among other Americans.

It is difficult to attribute nonwork to low wages, lack of jobs, or other social barriers. Such impediments may explain inequality among workers, but seldom nonwork and thus seldom poverty or dependency. The real issues are not so much whether work exists as whether the jobs are "good" enough and whether the poor are competent enough to bear the demands of work. The mystery is why the poor do so little to help themselves.

Current welfare reform proposals may only increase aid to the needy but do nothing to overcome this passivity. Child support may in practice become another form of welfare. Social services and training do little to overcome poverty unless work effort rises. Workfare, or work requirements attached to assistance, has shown the potential to raise work levels. But workfare must seriously obligate the bulk of employable recipients and not become another voluntary training program in disguise.

The current discussions of welfare reform in Washington have provoked a fresh study of the causes and cures of poverty in America. The interpretation I give here is based on my book, Beyond Entitlement, as well as more recent research on "barriers" to employment and workfare programs.[1]

In what follows, I concentrate on the poverty of families, that is of working-aged parents and their children. I realize that many elderly and disabled people remain poor, but their poverty is not so mysterious or controversial. Preeminently, the poverty that politicians and experts argue about is that of female-headed families and unattached men. The first group dominates welfare while the second contains many fathers of welfare families.

I also concentrate mostly on long-term rather than episodic poverty. A great many Americans are poor briefly; especially during downturns in the business cycle, but they are not distinct from the population in general. Long-term poverty is much more problematic, as it persists in good times and bad. It also raises issues of integration that stretch beyond merely economic need. Many of the long-term poor would be included among the highly dysfunctional poor whom we call the underclass.

NONWORK AND POVERTY

I think the main cause of family poverty today is nonwork by the parents. By nonwork I mean both unemployment and nonparticipation in the labor force by adults who are needy. A surprising proportion of today's poor adults are jobless, due either to unemployment or failure to look for work, even though their families are poor or on welfare. For the moment, I say nothing about causes. The problem has received most attention in connection with welfare, but it extends more widely. It is the main reason, I believe, why the poverty rate is still close to 14 percent, and why it has fallen little in the last 20 years.

It is hardly surprising that economic well-being should vary with employment, but few people realize how immediate the connection is. Policy analysts tend to treat poverty as a status inflicted on people by nameless social forces. But most often it results very directly from a lack of earnings. In 1986, the poverty rate was 24 percent among families without working heads, but only 7 percent for those whose heads worked at any time during the year, and only 3.2 percent for those with heads working full-time and full-year. The reductions are just as sharp among black and Hispanic families, though their poverty rates at each work level are higher.[2]

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[1] Lawrence M. Mead, Beyond Entitlement: The Social Obligations of Citizenship (New York: Free Press, 1986). Much of the additional material comes from a new work, tentatively entitled The Competence Assumption: Welfare and American Politics (New York: Basic Books, forthcoming).

[2] U.S. Department of Commerce, Bureau of the Census, Money Income and Poverty Status of Families and Persons in the United States: 1986 (Advance Data From the March 1987 Current Population Survey), Series P-60, No. 157 (Washington, D.C.: U.S. Government Printing Office, July 1987), table 19, pp. 32-3.

Nonwork is also getting worse. For whatever reasons, the adult poor have been working less and less, both on and off welfare. Sixty-eight percent of the heads of poor families worked in 1959, 32 percent of them worked full-time and full-year, and only 31 percent did not work at all. By 1984, the working share had fallen to 49 percent, with only 17 percent working full-time/full-year, and 51 percent not working at all.[3] The reason is not that the poor have become less employable. The cliché that they consist mostly of the young and the old is outdated. In 1966, only 39 percent of the poor fell within the ages 18 to 64, the prime working years; by 1986, 49 percent of them did.[4] The change came as Social Security took most elderly people out of poverty and the average size of families fell.

Even if we define employability more narrowly, the same trends are clear. Danziger and Gottschalk, who exclude the disabled and mothers with children under 6, find that 47 percent of poor households were headed by employable adults in 1984, up from 37 percent in 1967. But over the same period, the share of these heads who worked full-year or nearly so fell from 54 to 32 percent.[5]

Among the long-term poor, most of the employable but nonworking adults are welfare mothers or single men. Neither group works consistently. Only 5 percent of mothers on Aid to Families with Dependent Children (AFDC) work at a given time, even part-time, though more work at some time during the year. This level has changed little in two decades.[6] Low-income single mothers, most of which are on welfare, actually became more reliant on welfare after 1970 even though the real value of welfare benefits was declining. Between 1970 and 1986, the share of their income coming from welfare rose from 45 to 65 percent, while the share coming from earnings fell from 36 to 22 percent. At the same time, the proportion of these families that had any full-time/full-year workers dropped from 5 to only 1 percent.[7]

Eighty-three percent of both white and black men were working or seeking work in 1960. By 1985, the white figure had fallen to 77 percent, the black figure to 71 percent, or twice as much.[8] The drop has been sharpest among unmarried men, especially youth, and sharpest of all

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[3] U.S. Department of Commerce, Bureau of the Census, Characteristics of the Population Below the Poverty Level: 1984, Series P-60, No. 152 (Washington, D.C.: U.S. Government Printing Office, June 1986), table 4, p. 15.

[4] Calculated from U.S. Department of Commerce, Bureau of the Census, Poverty in the United States 1986, Series P-60, No. 160 (Washington, D.C.: U.S. Government Printing Office, June 1988), table 2, p. 7.

[5] Sheldon Danziger and Peter Gottschalk, "Work, Poverty, and the Working Poor: A Multifaceted Problem," Monthly Labor Review, vol. 109, no. 9 (September 1986), pp. 17-18.

[6] Robert Moffitt, "Work and the U.S. Welfare System: A Review," revised version, study prepared for the U.S. Department of Health and Human Services, October 1987, table 4, p. 16. The current 5 percent level is equivalent to the 15 percent level that prevailed before 1981, when the Reagan eligibility cuts eliminated most working mothers from AFDC.

[7] Congressional Budget Office, Trends in Family Income: 1970-1986 (Washington, D.C.: U.S. Government Printing Office, February 1988), pp. 52, 53 n. 9, 74.

[8] U.S. Department of Commerce, Bureau of the Census, Statistical Abstract of the United States 1992-93 (Washington, D.C.: U.S. Government Printing Office, December 1992), p. 377; idem, Statistical Abstract of the United States 1987 (Washington, D.C.: U.S. Government Printing Office, December 1986), p. 376.

in inner-city poverty areas. There, large parts of the labor force have withdrawn from legal employment in favor of crime, the underground economy, or living off welfare or other programs.

As an immediate cause of poverty, nonwork is more important than family breakup. It is true that the dissolution or nonformation of families has reached record levels among rich as well as poor, white as well as black. Mothers and children more often lose male support and have to shift for themselves today than ever before. They also get little child support. But this in itself seldom precipitates poverty. Most poor couples were poor even before they split. The share of poor female-headed families who are made poor by the split is only about half among whites, less than a quarter among blacks.[9] This suggests that lack of earnings is the more fundamental problem.

Conversely, work effort is the main reason why nearly half of single mothers avoid poverty despite losing their husbands. Indeed, independent income by the wife seems to be one of the causes of breakup in the first place.[10] Among single mothers, there is the same strong, inverse relationship between work effort and poverty found among families in general. Fifty-six percent of female-headed families are poor if the mother does not work, only 22 percent if she does, and less than 8 percent if she works full-time, full-year.[11] Again, the gradient is just as sharp for minority mothers. Work for single mothers is undoubtedly difficult, but it has become usual. Although only 5 percent of welfare mothers work, over half of all female heads do, and of these nearly three-quarters are working full-time.[12]

Nonwork creates a serious political problem for the poor, not only an economic one. It infringes the work ethic, and it places the poor out of step with America. Work levels fell among them just when other Americans chose to work more than ever. The rise in the proportion of women working or seeking work has been meteoric, from 38 percent in 1960 to 55 percent in 1985. That change drove the overall labor force participation rate up in the same period from 59 to 65 percent,[13] the highest level ever recorded. The crossing of these trends fatally weakens the claims today's poor might make for increased assistance, for Americans prefer to help the working-aged only if they are helping themselves.

Thus, the poverty problem is in essence an employment problem. If poor adults worked normal hours, poverty would be radically lower. And the remaining poor, because they were working, would merit much more government help than they get now.

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[9] Mary Jo Bane, "Household Composition and Poverty," in Sheldon H. Danziger and Daniel H. Weinberg, eds., Fighting Poverty: What Works and What Doesn't (Cambridge, Mass.: Harvard University Press, 1986), ch. 9.

[10] Heather L. Ross and Isabel V. Sawhill, Time of Transition: The Growth of Families Headed by Women (Washington, D.C.: Urban Institute, 1975), chs. 3, 5.

[11] See note 2.

[12] See note 6.

[13] See note 8.

BARRIERS TO WORK?

But *why* do so few poor adults work steadily, even when they and their families clearly need the money? It is the great question in social policy today. The tradition in Washington has been to seek the answers in social "barriers." But on examination, none of these show much power to explain nonwork.

Most commonly, it is said that the "hard times" the country went through during the 1970s and early 1980s must explain why fewer people are working. In that era, the economy faced shocks from the energy crisis, hyperinflation, repeated recessions, and a virtual halt in the growth of productivity. The decline of manufacturing and the rise of service employment reduced the pay, benefits, and security of many jobs, and an increasing proportion of new jobs were part-time. As a result, real wages fell, inequality rose, and both rich and poor grew in number at the expense of the middle class.[14] There is dispute whether the changes were as great as claimed,[15] but less us take them as given.

A related argument is that work cannot be a sure cure for poverty as long as we have "working poor." There are over 2 million workers who work full-time, full-year and are still poor, 1.2 million of them heads of family. One reason for their plight is that they work disproportionately at the minimum wage, now $3.35, which has not risen since 1981. It is easy to show that someone working at this level, even full-time/full-year, cannot earn enough to keep even a family of three out of poverty.[16]

The problem with these contentions is that low wages seldom actually produce poverty. While economic conditions may have made many workers worse off, most are still above poverty. Even when they earn less than the minimum wage, only a third of workers are poor, less than half even when they live in female-headed families.[17] The reason is mostly that the families have other workers. Another estimate is that 19 percent of workers at or below the minimum wage are poor.[18] In general, only a fifth to a third of those in the labor force who encounter problems--either unemployment, involuntary part-time work, or low earnings--succumb to poverty.[19]

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[14] Frank Levy, Dollars and Dreams: The Changing American Income Distribution (New York: Russell Sage, 1987); Barry Bluestone and Bennett Harrison, "The Great American Job Machine: The Proliferation of Low Wage Employment in the U.S. Economy," study prepared for the Joint Economic Committee, U.S. Congress, December 1986.

[15] E.g., Marvin H. Kosters and Murray N. Ross, "A Shrinking Middle Class?" The Public Interest, no. 90 (Winter 1988), pp. 3-27.

[16] Sar A. Levitan and Isaac Shapiro, Working but Poor: America's Contradiction (Baltimore: Johns Hopkins University Press, 1987), chs. 1-4.

[17] U.S. Department of Labor, Bureau of Labor Statistics, Linking Employment Problems to Economic Status (Washington, D.C.: U.S. Government Printing Office, August 1987), table 12.

[18] Congressional Budget Office, "The Minimum Wage: Its Relationship to Incomes and Poverty," staff working paper, June 1986, pp. 15-17.

[19] Bureau of Labor Statistics, Linking Employment Problems, tables 14-19.

Predominantly, low wages cause *inequality among workers*, but not poverty. It is difficult to remain poor if one works normal hours, at any legal wage. Even at the minimum wage, most of the poor workers are part-time; only 120,000 of them work full-time, full-year.[20] Rather, poverty is due overwhelmingly to *low working hours*. It is the result of being out of the labor force and, to a lesser extent, unemployed. The "working poor" are much outnumbered by the nonworking. Out of 21 million poor aged 15 and over in 1986, only 9 million worked even part time, and over 12 million did not work at all.[21]

Enough poor people work so that poverty still reacts to economic conditions. It can be shown that poverty moves up and down in response to movements in median earnings and the unemployment rate.[22] But the implication should not be that poor adults are only waiting to work until the economy lets them. The movement is much greater for the two-parent, "working poor" than for single-parent families, which typically work less. The working poor are like the icing on a cake. Below them lies a mass of nonworkers who seldom seek employment whatever the state of the economy.

If economic conditions really explained nonwork, "hard times" should have produced *more* employment among the poor rather than less. The rest of the public responded to falling wages by working more to maintain their incomes. Only the poor responded by working less. That difference is what divides them from the rest of America today.[23]

To find an economic explanation for nonwork, then, one must argue that jobs are simply unavailable to the poor, at any wage. This, too, is dubitable. It is true that the recessions of the 1970s and early 1980s raised unemployment, as did the crush of the baby boom generation seeking its first jobs. But throughout the last three decades, job creation in the American economy has been prodigious. With the Reagan recovery and the passing of the baby boom, the labor market has tightened, reducing unemployment currently to less than 6 percent.

There are no regular figures on numbers of jobs available as there are on the unemployed, so we cannot say whether there are "enough" jobs for all who seek them. One study suggests that there were four or more jobseekers for every opening in the 1970s, but that the ratio may now be less than two.[24] The proliferation of "help wanted" signs throughout urban America suggests that jobs commonly are available, at least to those seeking them at a given moment. So does the

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[20] Congressional Budget Office, "Minimum Wage," pp. 17-20.

[21] Bureau of the Census, Poverty 1986, table 10, p. 42.

[22] David T. Ellwood and Lawrence H. Summers, "Poverty in America: Is Welfare the Answer or the Problem?" in Danziger and Weinberg, eds., Fighting Poverty, pp. 81-2; David T. Ellwood, Poor Support: Poverty in the American Family (New York: Basic Books, 1988), pp. 97-8, 149-50.

[23] As with any price change, as economists say, the drop in real wages produced both an income and a substitution effect. Work became more necessary, but the payoff to it was less. The first effect dominated for the better-off, the second for the poor.

[24] Katherine G. Abraham, "Structural/Frictional vs. Deficient Demand Unemployment: Some New Evidence," American Economic Review, vol. 73, no. 4 (September 1983), pp. 708-24.

presence in the country of some 4 million illegal aliens.[25] Welfare-employment programs report that jobs appear insufficient mainly rural areas, not in the urban areas where nonwork is most controversial.[26]

Other research has shown that Depression images of joblessness are outdated. The search for work is commonly a good deal less desperate than politicians suggest. Most people who lose a job expect a *higher*, not a lower, wage before they will return to work.[27] And while the long-term jobless account for most of measured unemployment, most unemployed people are out of work only for a brief time.[28] There is also much turnover among the groups with the highest joblessness (women, minorities, youth), with many people moving in and out of work and the labor force on short notice.[29] This suggests that low earnings are due more to *erratic* employment than a 1930s-style lack of jobs.

A more limited argument is that jobs may exist in the economy at large, but the poor lack access to them. There is a "mismatch" between their skills and location and the requirements of positions. The manufacturing and laboring jobs they used to hold have largely disappeared due to deindustrialization. Most new jobs today are in the suburbs, not the inner-city. They require substantial education, due to computing and "high-tech," while most poor people have high school education at best. Thus, the ghetto poor cannot work and remain needy, even though all around them people are prosperous.[30]

This theory currently deserves a Scotch verdict--not proven.[31] The argument is based on aggregate trends in the economy. Its proponents have not shown a connection at the level of individuals between workers displaced by the trends and the nonworking poor of the inner city. Researchers who have sought such a connection have not found it. It looks like the ghetto poor

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[25] Jeffrey S. Passel, "Estimating the Number of Undocumented Aliens," Monthly Labor Review, vol. 109, no. 9 (September 1986), p. 33.

[26] Judith M. Gueron, "Reforming Welfare With Work" (New York: Manpower Demonstration Research Corporation, December 1986), pp. 23, 25 n. 11.

[27] Martin Feldstein and James Poterba, "Unemployment Insurance and Reservation Wages," Journal of Public Economics, vol. 23 (1984), pp. 141-67.

[28] Kim B. Clark and Lawrence H. Summers, "Labor Market Dynamics and Unemployment: A Reconsideration," Brookings Papers on Economic Activity, 1979, no. 1, pp. 13-72.

[29] Robert E. Hall, "Why Is the Unemployment Rate So High at Full Employment?" Brookings Papers on Economic Activity, 1970, no. 3, pp. 369-402.

[30] William Julius Wilson, The Truly Disadvantaged: The Inner City, the Underclass, and Public Policy (Chicago: Chicago University Press, 1987); John D. Kasarda, "The Regional and Urban Redistribution of People and Jobs in the U.S.," study prepared for the Committee on National Urban Policy, National Research Council, October 1986.

[31] For a fuller rebuttal than I can give here, see Lawrence H. Mead, "Social Responsibility and Minority Poverty: A Response to William Julius Wilson," in Gary D. Sandefur and Marta Tienda, eds., Divided Opportunities: Minorities, Poverty, and Social Policy (New York: Plenum, 1988), ch. 10.

work less than other people even when they live just as close to jobs.[32] It also appears that the skills requirements of current jobs have been exaggerated. Most of them demand literacy and punctuality, but not higher education.[33]

Finally, the poor themselves say that jobs are usually available. Of the nonworking poor, only 10 percent give inability to find work as the reason; and of poor working part-year, only 43 percent do so.[34] In a careful study of inner-city black youth, a group with measured unemployment above 40 percent, 71 percent said that it was at least fairly easy to get a job at the minimum wage.[35]

The search for barriers of a more social nature is also unrewarding. It is commonly said that welfare mothers who are white and have more education and work experience, and fewer children, are more likely to work than those who are more disadvantaged. While this is true, the connections are weaker than often supposed. The demographics of the poor seem to determine success more than work effort. That is, the better-prepared are more likely to get a *good* job and, thus, to work their way off welfare or succeed in competitive senses. But they are only a little more likely to work at *some* job.[36] Again, barriers explain inequality rather than nonwork.

Specifically, child care responsibilities are not the obstacle to work that many imagine. Female family heads with children work at the same rate--close to 50 percent--as other women. If we exclude female heads on welfare, whose employment rate is very low, the figure rises to about 85 percent.[37] Nonwork on welfare cannot be explained by large families, as only a quarter of welfare mothers have three or more children.[38]

Nor does a lack of center-based child care seem to be the reason. Only 9 percent of working mothers, and less than a quarter of those with children under 5, rely on organized facilities for their child care. More informal arrangements with friends and relatives are more common, as

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[32] David T. Ellwood, "The Spatial Mismatch Hypothesis: Are There Teenage Jobs Missing in the Ghetto?" in Richard B. Freeman and Harry J. Holzer, eds., The Black Youth Employment Crisis (Chicago: University of Chicago Press, 1986), ch. 4; Jonathan S. Leonard, "Space, Time and Unemployment: Los Angeles 1980," unpublished paper, September 1986.

[33] Thomas Bailey and Roger Waldinger, "A Skills Mismatch in New York's Labor Market?" New York Affairs, vol. 8, no. 3 (Fall 1984), pp. 3-18.

[34] Calculated from Bureau of the Census, Poverty 1986, table 10, p. 42.

[35] Harry J. Holzer, "Black Youth Nonemployment: Duration and Job Search," in Freeman and Holzer, Black Youth Employment Crisis, p. 64.

[36] Mary Jo Bane and David T. Ellwood, "The Dynamics of Dependence: The Routes to Self-Sufficiency" (June 1983), and June A. O'Neill et al., "An Analysis of Time on Welfare" (June 1984), both studies prepared for the U.S. Department of Health and Human Services.

[37] Hatfitt, "Work and the U.S. Welfare System," pp. 16-19.

[38] U.S. Department of Commerce, Bureau of the Census, Statistical Abstract of the United States 1986 (Washington, D.C.: U.S. Government Printing Office, December 1985), p. 382.

well as much cheaper.[39] Only 17 percent of programs seeking to place welfare mothers in jobs report that lack of child care is a serious problem.[40]

It is also unlikely that racial discrimination dictates poverty. There is little systematic evidence on bias in the labor market. But it is clear that blacks--provided they work--show the same mobility as whites. Black earnings are typically less, but they increase similarly over time.[41] My sense is that bias does not usually deny all employable to blacks, and thus cannot explain most black poverty and dependency. Rather, it limits prospects among working blacks. Yet again, barriers explain inequality rather than nonwork.

THE REAL ISSUES

The evidence for barriers is weak, but then I do not believe that most of those who cite them really believe that they explain nonwork in any literal sense. Rather, they are contesting two other issues about which we hesistate to be candid.[42]

One is job quality. Most of those who say there are no jobs for the poor really mean that there are no "good," "real," or "meaningful" jobs, by which they mean jobs that offer middle-class salaries and career prospects. Such jobs are unquestionably scarce, even as less pleasant and remunerative positions are plentiful.

The desire to elevate the poor is understandable, but it gets in the way of solving the work problem. Most jobs the poor can really do, since they are low-skilled, are necessarily routine, and for that reason poorly-paid. If we insist that they take only "better" positions, few will get them, and thus few will work. If we try to create "better" jobs in government, they will turn into another form of welfare, and few recipients will move on to the private sector, as the CETA experience proved.[43] More poor people could get good jobs than they do, but only if they first accumulate a work history in less demanding positions.

Much of the argument about "barriers" is really an argument about equality, about what kind of job should be offered to workers in this society. I do not deny that job quality could be improved, for example by legislating universal health coverage and a higher minimum wage. But these benefits would have to be offered to all workers, not just the poor or those on welfare. To

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[39] U.S. Department of Commerce, Bureau of the Census, Who's Minding the Kids?, Series P-70, No. 9 (Washington, D.C.: U.S. Government Printing Office, May 1987), table B, p. 3.

[40] U.S. General Accounting Office, Work and Welfare: Current AFDC Work Programs and Implications for Federal Policy (Washington, D.C.: U.S. Government Printing Office, January 1987), pp. 86-7.

[41] Greg J. Duncan et al., Years of Poverty, Years of Plenty: The Changing Fortunes of American Workers and Families (Ann Arbor: University of Michigan, Institute for Social Research, 1984), chs. 4-5.

[42] This section summarizes Lawrence M. Mead, "The Hidden Work Debate," The Public Interest, no. 91 (Spring 1988), pp. 48-54.

[43] Congressional Budget Office, CETA Reauthorization Issues (Washington, D.C.: U.S. Government Printing Office, August 1978), pp. 19, 19 n. 32.

create "better" jobs only for the latter would be unfair to the many workers who do "dirty" jobs every day.

More important, special benefits would deny work its integrating force. Only if the poor "cut it" in the same jobs as other people can they satisfy the work ethic and be accepted as equals by others. Those who would make new claims for equality must first participate in society and assume its burdens, which include working.[44]

The second issue is how much is to be expected of the poor in the quest for work. How capable do they have to be to deserve employment, how strenuously must they look for it, and who is responsible ultimately for achieving employment? Liberals tend to say anyone who wants a job should have one, the jobless look for work seriously, and government is responsible if they fail. Conservatives demand more ability, suspect that much job search is dilatory, and believe that the onus for getting work rests finally on the individual.

Our views on these issues tend to dictate our views of barriers. If we set a high standard for jobs, but a low one for jobseekers, we will find the challenges of work overwhelming, and we will expect government to master them before the poor can work. Much liberal analysis of poverty simply converts into social science the belief the poor themselves hold that they are trapped by social forces. If we expect less of jobs, but more of the worker, we will regard many of the "barriers" as among the constituents of work, not impediments to it, and we will expect the poor to overcome them. One stance will always deny that opportunity exists for the poor, while the other will affirm that it does.

To overcome poverty, we must expect somewhat more competence from the dependent poor than we have. Some part of their dilemma is attributable to the "culture of poverty." I do not mean that they have aberrent values. Studies show that most want to work.[45] Some, especially men, reject taking the menial jobs the economy offers them. But a greater number, especially women, simply feel unable to work. They are overwhelmed by the logistics of employment. They feel someone else must find them a job, arrange child care, etc., before they can actually take a job. But since most people handle these problems themselves, to demand help drains work of much of its meaning.

Work for many poor adults seems to be an *aspiration* but not an *obligation*. It is something they would *like* to do in principle, but not something they feel they *have* to do at any cost. Thus, they seldom respond to what appears, to others, as chances to "get ahead." The key is a lack of felt power over events, what the psychologists call inefficacy. The poor do not feel responsible for outcomes because they do not feel they can control them.

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[44] Mead, Beyond Entitlement, chs. 10-11.

[45] Leonard Goodwin, Do the Poor Want to Work? A Social-Psychological Study of Work Orientations (Washington, D.C.: Brookings, 1972).

The critical issue in antipoverty research is where that passivity comes from. The mystery is only deepened by the lack of clearcut obstacles to work for most poor adults today. The central policy issue is how to overcome passivity, and thus generate the energy to work. Only then will poverty fall.

POLICY

There are, in essence, three antipoverty strategies: income transfers, social services, and workfare. I favor the last because it has shown the greatest capacity to raise work levels. It also confronts most squarely the problems of passivity and nonresponsibility that lie behind nonwork.

I do not believe the income strategies are inherently irrational. Research gives only limited support to the Murray thesis, that rising welfare in the 1960s and 1970s explains rising nonwork, family breakup, and other pathologies of the ghetto.[46] But, most would now agree, neither does mere income do much to solve poverty for the working-aged. It supports people in trouble, and this is what they may need in the short run. But unless it is conditioned on some sort of effort, cash cannot enhance the recipients' sense of control, precisely because they do nothing to deserve it. They can have no sense that rewards follow from their own efforts. In the long run, they have to work, or qualify for benefits that are in some sense earned, or both.

Most experts today accept that position in principle. Nobody today proposes simply to expand welfare, the main meaning of "welfare reform" during the Great Society. However, I am concerned that the current reform bills in Congress, and some other proposals, would do that under other names.

Some propose, in essence, to replace welfare with increased child support. I support tougher support enforcement, but I doubt it can solve the welfare problem. Child support would take a mother out of welfare only if she lived entirely on what the father contributes. If she is given a minimum benefit regardless of the father's contribution, she is still effectively on welfare, whatever we call it.

And in the version being tested in Wisconsin, the assured benefit entails no work test at all. It does involve an incentive to work, since the mother keeps her benefit even if she works, but incentives have shown less power to raise work effort among the poor than have work requirements.[47] Especially if the assured benefit approaches the welfare level, mothers may settle down on it just to escape the work requirements that are encroaching in AFDC.

Child support assumes, as is still unclear, that it is feasible to collect support from welfare fathers, most of whom are low-skilled and work irregularly. It also places all the obligation of

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[46] Charles Murray, Losing Ground: American Social Policy, 1950-1980 (New York: Basic Books, 1984).

[47] This is my reading of the policy and research history. For an elaboration, see Beyond Entitlement, chs. 4-6, 7.

work on the father, while the benefit goes entirely to the mother. That must discourage work for the father, whose employment problems are the most fundamental to poverty. It may also make tougher enforcement seem unfair, thus undermining support for the reform. If welfare is to be based on a new social contract, as many reformers say today,[48] the benefits and burdens of it must fall on the same adults, not on separate ones. That implies obligating the mother to work if she receives either welfare or an assured benefit.[49]

A better idea would be to give welfare fathers, like mothers, some support and then require them to work in return. Currently, a father is covered by AFDC only if he is unemployed. If he works as much as 100 hours a month, his family is ineligible for welfare, even if his earnings leave them below the welfare level. The welfare reform bills in both houses of Congress would require states to cover unemployed fathers on these terms, as is now an option.

Rather than forbid the father to work, I would require him to. Allow his earnings, like those of a mother, to be supplemented up to the welfare level, but in return for a tougher work test. The Senate welfare reform bill was amended on passage to require fathers to work 16 hours a week in governmen jobs. Instead, I would require them to work full-time and emphasize the private sector, where many jobs are already available.

As an antipoverty strategy, social services have virtues opposite to those of cash. They address the long-term skills problems of the poor, but do little to alleviate need in the short run. Lisbeth Schorr has recently argued that nutrition, health, and education programs aimed at mothers and children can do more than we think to alleviate entrenched poverty.[50] Most of her evidence, however, comes from pilot programs with exemplary staffs than could not easily be generalized to the nation. Past compensatory programs of this kind have shown only marginal effects on the skills or incomes of the poor.

One reason is that such programs traditionally have done little to overcome the passivity of their subjects. Clients remain the inert recipients of benefits. No effort is expected from them in return. The lack of any clearcut performance standards is one reason why federal employment programs, before workfare, did little to raise work levels.[51]

As it has recently evolved, workfare has the strong points of both the income and services strategies, but it adds the missing ingredient--clearcut obligations resting on the client to *do* something *in return* for what is received. By workfare, I mean any definite requirements that employable welfare recipients enter work or training, or look for work, to be eligible for support.

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[48] See, for instance, Task Force on Poverty and Welfare, A New Social Contract: Rethinking the Nature and Purpose of Public Assistance (Albany, N.Y.: State of New York, December 1986).

[49] Over-reliance on child support is the main question I have about the reform ideas offered in Ellwood, Poor Support, chs. 5-6, which otherwise have much to commend them.

[50] Lisbeth B. Schorr with Daniel Schorr, Within Our Reach: Breaking the Cycle of Disadvantage (New York: Doubleday, 1988).

[51] Mead, Beyond Entitlement, ch. 3.

This usage is broader than simply "working off" the value of one's grant in a government job, the older and narrower meaning of workfare. It characterizes most of the new employment programs that have appeared in AFDC since Congress gave states the authority to institute them in 1981. Typically, the new workfare emphasizes placement in private jobs, but there is some training or education for recipients who can profit from it, and there are some government jobs for clients who fail to find work in the private sector.

Evaluations have shown that the new programs do raise the earnings of recipients and reduce their dependency by enough to pay for themselves in most instances.[52] The gains, to my eye, are larger than in voluntary training programs. They seem to arise mostly from workfare's combination of benefits and demands. The programs typically raise the share of employable clients who ever participate in any work-related effort from a third to a half, compared to the Work Incentive (WIN) program, the national AFDC work program before 1981.

The lack of such requirements is the past is probably the greatest single reason why work levels are so low among the poor. Nonwork stems mostly, not from any impediment in society, but from the actions--or inactions--of government itself. WIN was first instituted in 1967, but for most recipients it has remained a formality. Only now, in the wake of the new programs, have requirements become the centerpiece of welfare reform.

However, there is a distinct danger that workfare will degenerate into just another voluntary training. The most elaborate of the current programs, in Massachusetts and California, are quite permissive, emphasizing training and other benefits rather than work in available jobs. Training easily becomes a substitute for work, defeating the purpose of workfare. These and other existing programs "cream," or work only with the most employable clients. That makes experts doubt whether they can have much real impact on dependency.[53]

My own studies of WIN suggest that success varies directly with the degree of obligation. The higher the proportion of clients expected to participate actively in a work program, the higher the proportion entering jobs--even controlling for unemployment, inner-city conditions, and other impediments that supposedly prevent work. It matters little what clients actually do--it may be work, training, or looking for work--provided they are obligated to do something. In short, successful programs do not cream. They try to generate an expectation to work that reaches the entire employable caseload.[54]

While workfare can seem repressive, the animus of it is actually to make recipients more assertive rather than less. A participation requirement is essential to get them out of the house

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[52] Gueron, "Reforming Welfare With Work," pp. 15-25.

[53] E.g., Warren T. Brookes, "The Stunning Failure of Dukakis' ET," Wall Street Journal, January 19, 1987, p. 18.

[54] Lawrence M. Mead, "The Potential for Work Enforcement: A Study of WIN," Journal of Policy Analysis and Management, vol. 7, no. 2 (Winter 1988), pp. 264-88. This analysis built on two earlier studies in New York City and State.

and into constructive activity. The obligation promotes a sense of responsibility, and thus control, that clients did not have before. Participation also commits them to new relationships with staff and other recipients, who levy demands but also provide encouragement. In this structure, unlike passive welfare, work becomes both possible and necessary. As a result, most clients support the work obligation and feel good about their experience in the program.[35]

Workfare, broadly defined, is really a form of compulsory preparation to participate in American life. If we do not view mandatory education as coercive, neither should we see workfare that way. Those who oppose work requirements should ask themselves why they want poor children to have to go to school.[36]

The most troubling feature of the current welfare reform bills is that they do little to raise the participation level in workfare. Neither bill originally set any participation target for states, so neither would have raised work levels much. About 700,000 AFDC clients a year participate in work programs now. According to the Congressional Budget Office, the House, or Downey, bill would raise this by only 210,000 over five years and cause only 15,000 families to leave welfare. The figures for the Senate, or Moynihan, bill were even more modest--86,000 and 10,000.

In contrast, the Republican bill offered in the House would have raised participation by 935,000 and ushered 50,000 families off the rolls, mainly because it would have expected 70 percent of the employable recipients to participate. Yet it would have been the least costly of the three, due to the savings generated by recipients going to work. Fortunately, the Moynihan bill was amended on passage in the Senate to require states to reach 22 percent participation by 1994, but this is barely above the 15 percent in current law. I feel it would be feasible to require 50 percent, implemented over several years, as that is the level already reached in the best of the current programs, in San Diego.[37]

POLITICS

I do not believe that many experts on poverty doubt the need for stronger work requirements, any more than they doubt that jobs of some kind are usually available to the poor. Nor is the support for workfare in doubt. Seventy-two percent of the public favors an education and training approach to poverty, and 69 percent supports workfare, while a bare one percent supports simply giving money to the poor.[38] Yet the day when work effort is an inseparable part of welfare is still distant.

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[35] Guerra, "Reforming Welfare With Work," pp. 17-18.

[36] Lawrence M. Mead, "The Logic of Workfare: The Underclass and Work Policy," Annals of the American Academy of Political and Social Science, January 1989, forthcoming.

[37] Gayle Hamilton et al., Interim Report on the Saturation Work Initiative Model in San Diego (New York: Manpower Demonstration Research Corporation, August 1988).

[38] "Opinion Roundup: Poverty in America," Public Opinion, vol. 8, no. 3 (June/July 1985), p. 27; "Opinion Outlook," National Journal, January 11, 1986, p. 102.

The real obstacle is within Washington--the tradition of entitlement that has dominated federal antipoverty policy ever since poverty was discovered in the early 1960s. Federal politicians construe helping people as giving them good things. The notion that helping them might also require demanding things is still unthinkable, even if the facts cry out for it.

I can only ask this committee to remember the lessons of history. Washington has been ready to exert authority in new ways when national survival was at stake. It did so to abolish slavery, regulate capitalism, and guarantee civil rights. It must do the same now to require work of the dependent poor. The integration of the underclass is at stake.

Chairman MILLER. Ms. Schorr.

STATEMENT OF LISBETH B. SCHORR, LECTURER IN SOCIAL MEDICINE AND HEALTH POLICY, HARVARD MEDICAL SCHOOL; MEMBER, HARVARD UNIVERSITY WORKING GROUP ON ENERGY LIFE, CAMBRIDGE, MA

Ms. SCHORR. Mr. Chairman, I'm delighted to appear before this committee whose work I have long admired, and to be in this distinguished company, and to be part of the committee's broad inquiry into what can be done to reduce the incidence of family poverty in this country.

I've been asked to talk to you about my work focusing on services that are needed by children and families who live in poverty.

Chairman MILLER. Can you bring the microphone a little bit closer to you? I don't think they can hear you in the back of the room.

Ms. SCHORR. I will be talking primarily about the services that are needed by children and families in persistent poverty. As you know, only a fraction of children who grow up in poverty are in fact persistently poor. But, it's that group whose prospects are growing worse. The long-term consequences of their poverty are also growing worse. This is the population for whom better employment opportunities, job training, and income support, while essential, will not suffice. This is the population described by Professor Wilson in his book, "The Truly Disadvantaged."

Now, improved income support and job training and economic policies are essential in order to provide this population with a realistic basis for hope for the future. And that, after all, is the most fundamental element of assuring both family stability and decent outcomes for these children.

But, economic reforms are not enough because this is a population that a rising tide of economic prosperity and even welfare reform has not lifted out of poverty and is not going to lift out of poverty. While their problems are often considered intractable, this is also a population that we now know, on the basis of research and experience of the last 20 years, how to help.

I spent six years looking very carefully at the research and talking to experts. I've been visiting health and mental health and family support and early education programs around the country. The programs that I looked at and that are described in my book, are all programs that have been able to document their long-term effectiveness. On the basis of the research and experience that has accumulated, I was able to show that this canard that, in the world of social programs "nothing works," is in fact a canard. It's a myth that does not stand up in the face of experience that is now at hand.

Now, this evidence is receiving increasing attention from a public that is concerned about increasing numbers of youngsters embarking on a life of dependency, becoming parents without being able to raise their children, leaving school without the skills and motivation they need to participate in tomorrow's work force.

I think we're beginning to see the evolution of a consensus that there are programs that work to improve outcomes for children at

risk that will ultimately help reduce poverty and social dislocation, that prevention is a bargain compared to the cost of failure, and know that early interventions are more effective and more economical than later interventions. We know, the research is very clear on this, that adolescent child-bearing, delinquency, and drop-out can be reliably predicted from poor school performance and truancy as early as third grade.

We don't have to wait for further research to clarify the ultimate causes of these damaging outcomes.

We know enough to act, because trouble at third grade correlates very clearly with being born to a school age mother, low birth weight, untreated health problems, failure to develop warm, secure, and trusting relationships early in life, and lack of language and coping skills at school entry.

Now, what's remarkable about this list of risk factors is that every one of them has been successfully attacked through interventions that we know how to provide. All the findings on this point converge. The National Governors Association, the National League of Cities, the American Psychological Association, the Committee on Economic Development, and your own Committee has found exactly the same thing. In my own work, I summarize the documentation in the table that is attached to my testimony, which I assume will be appearing in the record of the hearing.

We not only know that programs work, we know how and why they work. First of all, successful programs are comprehensive and intensive. They provide a wide array of services. They are delivered flexibly, coherently, and ungrudgingly.

Chairman MILLER. Wait a second here. We'll get done with the announcement.

Go ahead.

Ms. SCHORR. I don't know whether——

Chairman MILLER. They're announcing a vote. We're going to have to vote in about—we'll leave in about five or six minutes for the vote.

Ms. SCHORR. It's not a response. I used the word "ungrudgingly" in a political and bureaucratic——

Chairman MILLER. The Congress has never been that quick.

Ms. SCHORR. These successful programs provide services in ways that make it possible for disadvantaged and depleted families not to have to negotiate their way through the prevailing maze of fragmented and distant services, each with their own eligibility determinations, waiting times, and other hoops that people have to jump through.

For overwhelmed and disadvantaged families, comprehensiveness is much more important than for middle class families. For example, in the care of high-risk women, the staples of middle-class prenatal care, routine lab tests, monitoring of fetal growth, weight gain, blood pressure and so on, are not enough. A teenager who is poor and frightened and depressed and may have no permanent home, requires a great deal more than just obstetrical and medical care if she is going to have a healthy baby, if she's going to learn during her pregnancy to prepare for the responsible care of her child.

Conventional parent education is another intervention that's often quite irrelevant to socially isolated and otherwise disadvantaged parents. The mother who needs help, the most help with her parenting, is unlikely to find the simple transfer of information that's offered by most parenting classes very useful.

But I found as I go around the country, that the yearning for quick fixes, and cheap short-cuts, persists, even though there is so much evidence now that standardized slivers of service designed to solve some single narrowly circumscribed problem are simply no match for the complex and deeply rooted tangles of troubles that beset overwhelmed families.

A second characteristic of successful programs, subtle but important, is that they make sure that staff have the time and training and skills that are necessary to build relationships of trust and respect with the children and families they work with. Leaders of successful programs uniformly emphasize the importance of relationships. They know that how services are provided is as important as what is provided.

The professionals in these successful programs also stress their collaborative posture. They listen to parents. They exchange information, rather than instruct. And they're always ready to help parents to gain control over their own lives and to act more effectively on behalf of their own children.

A third important common element is that successful programs deal with a child as a part of the family and the family as a part of the community. In a successful program, a pediatrician seeing an infant with recurrent diarrhea does not just look at the problems that inhere in the child on the examining table, but thinks about whether there is something going on in that family and whether the family needs help caring for the child, whether maybe a public health nurse or a social worker should be mobilized to figure out what's going on and try to help the family.

Fourth and last, successful programs cross long-standing professional and bureaucratic boundaries. In order to be able to make a wide variety of services available in non-traditional settings, including homes, and often at non-traditional hours, staff apply their ingenuity to get people into programs, not to figuring out how to keep them out. In these programs, no one says, "This may be what you need, but it's not my job to help you get it, it's outside our jurisdiction".

Now, I am as aware as you are that when one looks at the attributes of programs that succeed with seriously disadvantaged families, it's clear that they are, in a very fundamental sense, anomalies in today's human service systems.

A few, like Head Start and the W.I.C. Nutrition Program, already operate on a national scale. But, most of the big successes are small and in some way shielded from the normal functioning of bureaucracies. They have, for the most part, developed in unusual conditions. They've been able to operate free of the usual outside constraints. They flourish under some variety of protective bubbles which enable them to take risks that would be quite unthinkable in most large human service systems.

Now, if the flexible, comprehensive, intensive, and personalized approaches that are so crucial to success in these programs, are to

survive in mainstream human services, we need better methods of assuring accountability, and new kinds of training to help professionals and agencies to cross outmoded disciplinary boundaries. We need a rich array of financial support and technical assistance to those who are developing and operating new programs and reformed systems.

Most of all, we need better ways of bringing together diverse sources of funds, and in some cases we need more funds. If we want to see a new surge of private, state, and local action based on what we know works, to enable those most stuck at the bottom to climb out of poverty, help from the federal government is essential.

We need changes called for by my colleagues here to improve income support and economic policies. But in addition, we need fundamental changes in the financing and delivery of human services. We have to begin by expanding the programs that now work on a national scale, like Head Start, Medicaid, the W.I.C. Nutrition Program. Those have to be expanded to reach all those who are or should be eligible.

Second, we have to identify in state and federal laws and regulations the obstacles and disincentives that today stand in the way of replicating programs that have achieved demonstrated successes.

Third, we have to help large organizations and bureaucracies to create the administrative and funding environments in which comprehensive, flexible, intensive programs can flourish. To increase the numbers substantially, the federal government must develop more rational funding streams and provide the funds that would provide incentives for change. It must make sure that the crucial information about what works, and skilled intensive technical assistance are available to the growing numbers of state and local officials who seem to be open to change.

We have to reorient our time frame and not expect success or evidence of success within a single fiscal year. As with most investments in growth, the returns on preventive interventions in childhood come years later and often on a different budget than the agency that's making the investment.

Though removing these long-standing obstacles is not going to be easy, it seems to me there is reason for optimism. People in every part of this country, and I think you have probably found this, Mr. Chairman, as I have, that in every kind of governmental and private agency, people are saying that they are determined to deliver more effective services and to find new ways of crossing ancient boundaries.

In this election year, when candidates may be reluctant to commit themselves to new programs in the face of budgetary pressures and an electorate that's still thought to be wary of massive governmental interventions, we have to recognize that poll after poll shows that Americans are ready to invest in helping poor children and their families.

Furthermore, Doctor Isabel Sawhill, senior economist at the Urban Institute, has noted that while large deficits make it difficult to argue for new social spending because they lower the rate of economic growth and threaten future standards of living, it is also true that the failure to invest in the next generation has precisely those same effects.

Now that we have clear evidence that social interventions can reduce the number of children that are hurt by cruel beginnings and promote the national welfare, we have to mobilize every tool we have, and we now have many, to assure that the children at risk today can be contributing citizens of tomorrow.

Chairman MILLER. Thank you.

[Prepared statement of Lisbeth Schorr follows:]

PREPARED STATEMENT OF LISBETH B. SCHORR, LECTURER IN SOCIAL MEDICINE, AND HEALTH POLICY, HARVARD MEDICAL SCHOOL; MEMBER, HARVARD UNIVERSITY WORKING GROUP ON EARLY LIFE, CAMBRIDGE, MA

With this hearing, the Select Committee continues a tradition that has earned it the respect of all Americans concerned about the future of our nation. In focusing sharply on one of our most urgent national problems, you have wisely chosen to use a wide angle lens. Each of your witnesses brings a different perspective and emphasis, but many of the solutions we propose are not only compatible, but constitute essential, complementary elements of long-term strategies to overcome family poverty.

My own work has led me to concentrate on the services needed by children and families who live in persistent and concentrated poverty. This population is a minority of the poor. Only a fraction of the children growing up in poverty are persistently poor -- but they account for more than half the childhood years spent in poverty, and probably considerably more than half of the most burdensome consequences of childhood poverty.

This is the population for whom better employment opportunities, job training and income support, while essential, will not suffice. This is the population that lives on the boats that a rising tide of economic prosperity does not lift. This is the population whose problems are often considered intractable. But this is also the population which we now know, on the basis of the research and experience of the past twenty years, can be helped.

Yet, these children and their families are victims of the Inverse Care Law -- which holds that those who need good services the most, get the worst and the least.

We now have clear evidence that there are programs that work, that change the futures of seriously disadvantaged children, that can help to break the cycle of disadvantage. We know, furthermore, why they work, and how they work.

Successful programs share a handful of striking common elements. Regardless of whether they operate under health, education, or social service auspices, regardless of whether they are private or public, regardless of whether they are funded from state, federal or local sources, they have common attributes that can now be identified and described.

These are the major conclusions of a six-year study that I conducted under the auspices of the Harvard University Working Group on Early Life. The study culminated in the publication, last May, of my book, WITHIN OUR REACH: Breaking the Cycle of Disadvantage.

I began my work with a hypothesis that a lot more was known about how to change outcomes for children growing up in poverty than we were acting on. After looking carefully at the research base, talking with experts, and visiting programs around the country that had been able to document long-term effectiveness, I can now demonstrate, with hard evidence, that the canard that in the world of social programs, "nothing works," is in fact a canard, a myth that cannot be maintained in the face of the research and experience now at hand.

This Committee has already called attention, in its 1985 publication, "Cost-Effective Programs for Children," to a number of federally funded programs that have proven effective. Others,

including the National Governors Association, the National League of Cities, and the Committee for Economic Development, have also identified successful programs. My book contains additional examples of programs -- providing child care, health services, home visiting, social services and family support -- that are demonstrably reducing the odds of early childbearing, delinquency, school dropout. They are helping to break the self-perpetuating cycle of welfare dependency, alienation and despair. For the children and families they reach, they are changing the odds. These are programs that don't just succeed with children who are born with some special endowment or blessed with a unique great-aunt, enabling them to beat the odds. These programs are changing the odds of a decent future for whole populations of children that start out with a losing hand.

We also have the evidence that we can't afford not to invest in the spread of these successful programs. Although not always easy to demonstrate with short-term numbers, society's stake is enormous. There is increasing recognition that early investment in poor children is essential to the welfare of every American, for

- We all pay to support the unproductive and incarcerate the violent.
- We are all economically weakened by lost productivity.
- We all live with fear of crime in our homes and on the streets.
- We are all diminished when large numbers of parents are incapable of nurturing their dependent young, and when alienation erodes the national sense of community.

Prevention is a bargain compared to the cost of our current failures.

As more and more people become persuaded that there are programs that work, and that they are worth investing in, our understanding of what makes them successful becomes increasingly important.

Let me go over what we know about successful programs -- not on the basis of theory, but on the basis of hard evidence and experience.

Finding #1: Early interventions are more effective -- and more economical -- than later interventions. Failure and despair don't have as firm a grip in the younger years, and the seeds of later trouble are sown early. Adolescent childbearing, delinquency and dropout can be reliably predicted from poor school performance and truancy as early as third grade. Trouble at third grade correlates with low weight at birth, untreated health problems, failure to develop warm secure, trusting relationships early in life, and inadequate language and coping skills at school entry. All of these risk factors occur more frequently among families that are poor, and still more frequently among families that are persistently poor and live in areas of concentrated poverty. Every one of these risk factors has been successfully attacked through interventions we know how to provide. Evidence from health, social services, family support, child care and preschool education programs shows that damaging outcomes and the risk factors that precede them can be substantially reduced by early intervention. The findings of

numerous studies relating interventions to outcomes are so convergent that they cannot be explained away by the possibility of methodological flaws or idiosyncratic circumstance. As you can see from Table 1, attached to my testimony,

- School-based health clinics have reduced the rate of teenage childbearing in St. Paul and in Baltimore.
- Comprehensive prenatal care reduced the number of underweight babies born in 13 low income counties in California, and among teenagers in Baltimore and in rural South Carolina.
- Family support programs resulted in fewer children removed from home, lower rates of child abuse and welfare dependence in Washington State, New York State, and New Haven.
- Follow-ups into adulthood of children who had been enrolled in preschool programs found that participants -- compared to control groups -- included fewer children needing remedial education, fewer dropouts, fewer delinquents, fewer teenage pregnancies, and fewer youngsters unemployed in Tennessee, Michigan, and New York -- and in eleven other programs reviewed by the Cornell University-based Consortium of Longitudinal Studies.

Finding #2: Quick fixes and cheap short-cuts can't meet the need. Standardized services designed to solve single, narrowly circumscribed problems are no match for the complex, deeply rooted tangles of troubles that beset overwhelmed families.

Isolated, one-shot, categorical services may fulfill the needs of professionals, budget analysts, and administrators of human service programs for precisely defined routines and readily measurable results, but are frequently of little help to children and families in trouble. Fragments of services -- a few classes in parent education, a one-visit evaluation at a mental health center, or a hurried encounter with an unfamiliar and overburdened physician -- are often so inadequate that they can be a waste of precious resources.

Especially when funds are scarce, there are powerful pressures to dissect a successful program and select some one part to be continued in isolation, losing sight of the fact that it was the sum of the parts that accounted for the demonstrated success.

Even substantial monetary incentives, by themselves, are seldom powerful enough to change the lives of children mired in disadvantage. In this respect, the experience of New York businessman and philanthropist Eugene Lang is instructive.

> It took only a few weeks after he had made his now famous promise in 1981, of financing a college education for 60 Harlem six graders if they finished high school, for Mr. Lang to discover that neither the money nor his personal encouragement would be enough. With the help of a friend who was director of a community action agency serving East Harlem, Mr. Lang hired a community organizer named Johnny Rivera to work full-time with the sixty youngsters over a period of six years. Mr. Rivera says, "You just can't imagine the extent of these kids'

> unmet needs." He helped families find health care and social services and housing. When necessary, Johnny Rivera went to their homes to roust them out of bed and get them to school; he accompanied student and parent to the principal's office after a suspension for fighting; he worked with youngsters to select the high school they would apply to and helped them get in. The wide array of intensive supports provided by Lang and Rivera were at least as important, in their own estimation, as the promise of tuition payments, in accounting for the high proportion of youngsters that have now graduated and gone on to higher education.

When it comes to preventing profound damage among the nation's disadvantaged youth, there are no analogues to polio vaccine. As Eugene Lang discovered, not even large sums of money provide a one-shot answer.

Finding #3: Middle-class models don't work for everybody. Effective services that do succeed in changing outcomes even for the highest risk families tend to be complex, multi-faceted and sometimes costly. Effective services for severely disadvantaged families can be provided within universal programs or rendered exclusively to an especially vulnerable population. A home visiting program for high-risk mothers, for example, can be an intensified version of a universal program, or it can be focused exclusively on poor pregnant teenagers. What is essential is that programs for those with the greatest needs be clearly designed to take their special needs into account.

When health professionals are pushed by financial and competitive pressures into seeing ever more patients, it is those at highest risk whose needs are most likely to be neglected. In the care of pregnant women, for example, the staples of middle class prenatal care -- routine lab tests and regular monitoring of blood pressure and fetal growth -- don't get squeezed out. What falls by the wayside are the services needed to increase the chances of a healthy birth to a teenager who is poor, frightened, depressed and has no permanent home. But it takes a great deal of time and support to help her to eat sensibly, to care for her health, to plan realistically for the birth of her child.

Parent education, at least in some of its narrower forms, is another intervention that is often quite irrelevant to socially isolated and otherwise seriously disadvantaged parents. Conventional, didactic parent education brings helpful child-rearing information to many middle class parents. But the mother who needs the most help with parenting -- because she is poor and also addicted, depressed, or perhaps was profoundly neglected during her own childhood -- is unlikely to find the information offered by most parenting classes very useful. She may need direct support for her own needs before she can successfully nurture her child.

Similarly, in the current debate over more accessible and affordable day care, it is the children of disavantaged families who have the most to lose and the most to gain. For most middle class children, child care arrangements that meet minimum standards of health and safety will be good enough. But for the

children growing up in persistent or concentrated poverty, the odds of school success will depend on staff/child ratios being high enough, and on the program's ability to provide health, nutrition, and social services, to work successfully with parents, and to focus on children's developmental needs. It will not be enough to meet the demand of parents and employers and welfare reformers for day care that will allow adults to work; child care programs must also meet the needs of disadvantaged children for the "social capital," to use James Coleman's phrase, that children must bring with them to school to become well educated. The children who do not learn at home the preschool basics of time and space, cause and effect, now and later, the children who have not discovered "When I cry they will come, when I hear the water running, I will be bathed ..." These are the children for whom quality child care in the preschool years can make the difference between a high -- or a very slim -- chance of school success.

Finding #4. The programs with the greatest successes, especially in reaching the most disadvantaged children and families, have a handful of common characteristics. Successful programs vary in many ways in response to local conditions, but the findings across many domains of activity are striking.

0 Successful programs are comprehensive and intensive. They provide -- or are a direct portal to -- a wide array of services, delivered flexibly, coherently and ungrudgingly. The people who run these programs know that social and emotional support and concrete help (with food, housing,

income, employment -- or anything else that seems to the family to be an insurmountable obstacle) may have to be provided to enable a family to make use of other services, from antibiotics to advice on parenting.

Professionals are able to exercise discretion about meeting individual needs (which new mother needs three home visits every week and which needs only one during the first month), and families are able to decide what services to utilize (whether and when to enroll their child in the available day care program), and how they want to participate (whether to work in their child's school as a library volunteer, a paid aide, or a member of the parent advisory body).

Professionals in these programs tend to take a collaborative posture, listening to parents, exchanging information rather than instructing, and always ready to help parents gain greater control over their own lives and to act more effectively on behalf of their own children.

* Homebuilders is an example of a program which provides comprehensive, intensive services. It aims to keep together families threatened with removal of a child, typically as a result of abuse or neglect. It started in a small Catholic family services agency in Tacoma, Washington, and is now spreading to many other parts of the country. Homebuilders sees families in crisis -- usually on their own home turf, and over a period of up to 6 or 8 weeks. Homebuilders founder Jill Kinney says "When a family is in turmoil, they don't want you once a week on Wednesdays. They want you when they're feeling

the pain." Homebuilders staff spend as much time as is necessary to make sure the child is safe, and to help the family to cope more successfully, and ultimately to function independently. A high proportion of its social worker and psychologist staff have been with the program since its beginning in the early 1970s. They say that their small case loads and the sense they are succeeding more than makes up for the inconvenience of being on call 24 hours a day. Most have responsibility for no more than 2 or 3 families at any one time. But even with that kind of intensive professional investment, Homebuilders calculates that they have been able to save, just in the dollar costs of out-of-home placements prevented, three times the cost of their service.

- Successful programs make sure that staff have the time, training, and skills necessary to build relationships of trust and respect with children and families.

  Virtually without exception, leaders of successful programs emphasize the importance of relationships. They know that how services are provided is as important as what is provided. Some program leaders explain their emphasis on relationships as based on mental health principles, some talk about child development principles, some stress that they provide through formal mechanisms the supports that more fortunate families obtain informally, and some come to it entirely pragmatically -- that's simply what they do to make their program work.

Staffs of these programs tend to be highly skilled. Most emphasize how much training, support and time it takes to establish the kind of relationships that actually bring about change. Many human service programs have been successful in utilizing paraprofessionals who receive the requisite training, supervision and support. However, experience suggests that effective help to families in the most marginal and stressed circumstances may require a level of skill, maturity, and judgment most often found among well-trained professionals.

* In the Appalachian community of Elmira, New York, the intervention was by nurse home visitors, trained by the University of Rochester to help poor and isolated young mothers through their pregnancy, delivery, and with the care of their babies. The stakes were high -- in Elmira, rates of child abuse and neglect had reached the highest recorded level in the state as employment in heavy industry declined. The nurses acquired skills to respond to every kind of economic, physical and emotional stress, and to help the young mothers to build bridges to other sources of professional as well as informal support. The effects of the program, as shown by comparison with similar families, randomly selected, were dramatic reductions in the proportion of babies born too soon and too small, in the incidence of child abuse, neglect and accidents, in the rate of subsequent pregnancies and welfare dependence, and dramatic increases in the number

of teenage mothers returning to school and employment.

0 Successful programs view the child as part of a family, and the family as part of a neighborhood and community.

The clinician treating an infant for recurrent diarrhea sees beyond the patient on the examining table to whether the child's health is threatened by circumstances that require a public health nurse or social worker to help the family obtain non-medical services. The successful school mobilizes parents in collaborative efforts to impart a love of reading. Successful programs in every domain offer support to parents who need help with their lives as adults before they can make good use of services for their children. Successful programs, whether they begin with a focus on children or on their parents, generally evolve into programs that explicitly adopt a two-generational approach.

* In the New Haven schools, the reforms introduced by child psychiatrist James Comer emphasized support to teachers, pupils and their families, creating "a sense of community," between school and home. Today, teachers, support personnel and parents work together to develop -- for themselves and the children -- confidence in their competence and high expectations about their futures. The two elementary schools in which Dr. Comer began -- previously distinguished by the worst attendance and behavior records and the lowest math and reading scores in the city -- now rank third and fifth in the city's attendance and test scores. Dr. Comer attributes a large

part of the schools' new success to the alliance with parents, which has reduced the dissonance between home and school and given the child a long-term supporter for education at home.

0 Successful programs cross long-standing professional and bureaucratic boundaries.

Professionals venture outside familiar surroundings to make services available in nontraditional settings, including homes, and often at nontraditional hours. The program does not ask families to surmount formidable barriers, unassisted, before they can get what they need. It makes sure that payment arrangements and eligibility determinations do not pose insuperable obstacles. It does not set preconditions -- such as keeping a series of fixed appointments in far-away places, or a display of adequate "motivation" -- that may screen out those most in need. On the contrary, successful programs try to reduce the barriers of money, time, fragmentation, geographic and psychological remoteness -- that make heavy demands on those with limited energy and organizational skills. Instead of waiting passively to serve only those who make it through the daunting maze, these programs persevere to reach the perplexed, discouraged, and ambivalent -- the hardest to reach who are likely to benefit the most. These programs take special pains to maintain continuity in relationships, and to assume responsibility for assuring that child and family needs are in fact met, regardless of bureaucratic or

professional compartmentalization. No one says, "This may be what you need, but helping you get it is not part of my job or outside our jurisdiction."

As I describe the attributes of programs that succeed with seriously disadvantaged families, it is of course apparent that they are, in some fundamental sense, anomalies in today's human service systems.

A few, like Head Start and the WIC nutrition program, already operate on a national scale, but most are small and in some way shielded from the normal functioning of bureaucracies.

It is no coincidence that programs with demonstrated success in changing outcomes for disadvantaged children have, for the most part, developed in unusual conditions, and have been able, for a variety of reasons, to operate free of the usual outside constraints. Most have had access to funds that come with few strings -- because they began as demonstration or research projects, had foundation grants, or because they came under the protection of a powerful official. Flourishing under a variety of Protective Bubbles, these programs have been able to take risks that would be virtually unthinkable in most large human service systems. Some hire staff without traditional credentials, some change eligibility determinations in ways that get people <u>into</u> the program instead of keeping them out. They are able to help a family buy a washing machine when that seems to be the most promising way to reduce a mother's overwhelming stress. Nurses provide family support, social workers collaborate with teachers, and psychologists listen to a mother's

anxieties about her children in the course of helping her to market.

If the flexible, comprehensive, and personalized approaches so crucial to successful programs are to survive in mainstream human service systems, we need better methods of assessing program efficiency and of assuring accountability, new incentives to help professional and agencies to cross outmoded disciplinary boundaries, and better ways of bringing together diverse sources of funds.

These are not impossible tasks, but they are complicated, and hard for busy policy makers and program administrators to tackle. In most agencies and institutions, each day's crisis makes it almost impossible to attend to the needs for more fundamental change. When children in foster care spend days and even nights in welfare offices, when psychiatric patients are handcuffed to wheelchairs in hospital emergency rooms, when homeless children wander the streets, it is difficult for politician or administrator to find the time and energy to think about systems change.

Yet is it not also a crisis -- perhaps of at least similar proportions -- that so many youngsters become parents without being able to raise tomorrow's children, that so many leave school without the skills and motivation needed to participate in tomorrow's work force? More of us need to agree that the reduction of those numbers must be a primary goal of human service policies and programs.

This is most likely to be accomplished as part of a larger national commitment.

Today, when the urgency of the need coincides with the rich state of our knowledge, the time is ripe for a national commitment of consequence to improve the futures of America's most neglected children. That commitment must be specific in its objective, broad in its scope, and enduring in its staying power.

We need changes in income support and economic policies, and in the financing and delivery of human services. To improve services for disadvantaged children and their families, we must begin by expanding the programs that now work on a national scale, like Head Start and Medicaid and the WIC nutrition program, to all those who are or should be eligible.

A second step is to identify, in state and federal laws and regulations the obstacles and disincentives that today stand in the way of replicating programs that have achieved demonstrated successes, and to determine whether these barriers could be removed without damage to the fundamental purpose of the legislation.

Reimbursement arrangements of public and private third party payors that do not reflect the complexities of effective interventions undermine the stability of well-designed local programs. When services such as outreach, counseling and support are not paid for by Medicaid and private health insurers, then hard-pressed health programs will not provide them, no matter how essential to the program's purposes. When reimbursement definitions do not reflect the higher costs of providing service to poor, multi-problem families, then programs that provide the poor with the care they need cannot survive. That is why there

is no correlation between a program's survival and how successful it is in achieving improved outcomes for families at risk.

In the provision of social services, too, the prevailing extreme fragmentation of both tasks and clientele means that efforts to coordinate services at the local agency level and make them available to families in some coherent way are so time-consuming, costly and difficult, they quickly collapse.

In every aspect of human services, unsupportive state and national policies can threaten the survival of valuable local programs, and undermine the chances of successful replication. Failure to recognize this will lead to repeated disappointments, for even the most valiant local efforts cannot, over the long term, flourish in the face of perverse financial incentives and regulations that do not take the needs of deprived populations into account.

The third step in making successful services more widely available involves helping large organizations and bureaucracies to create the administrative and funding environments in which comprehensive, flexible, intensive programs can flourish. We may not uniformly want to make successful small programs into large ones, because small is often a reason for success. But that does not mean that the numbers of children and families who are reached should remain small.

To increase the numbers substantially, we need to develop strategies that will remove the most important obstacles to large-scale action building on past successes. We must find better ways of measuring long-term outcomes, better methods of accounting for costs and savings, better ways to let funders know

that their money is being effectively spent. We must develop more rational funding streams, and come up with funds that provide incentives for change. We must make sure that the crucial information about what works, the skilled technical assistance and the trained people are available to those who need them.

We must reorient our time frame, and not expect success -- or evidence of success -- within a single fiscal year. We must learn, in the world of social policy, to get better at deferring gratification. As with most investments in growth, the returns on preventive interventions in childhood come years later. Furthermore, the "profits" often do not end up on the ledger of the agency making the investment. (As this Committee knows, it is now well established that good prenatal care saves three times as much as it costs in averted neonatal intensive care alone. The cost of a comprehensive preschool program is only a fraction of the savings later realized in the welfare and prison systems, but there is no budget that reflects the connection, and no administrator or politician who can claim the bottom-line credit.)

Though removing long-standing obstacles will not be easy, there is reason for optimism. In my travels around the country over the last few months I found vastly increasing awareness of the value of early investment in the futures of children. Business leaders, concerned about the diminishing pool of qualified workers in an ever more competitive international environment, call for "early and sustained intervention in the

lives of disadvantaged children" as "our only hope for breaking the cycle of disaffection and despair." State governors and state legislators increasingly recognize the potential of early interventions.

Daily I hear from people in every part of the nation, every kind of governmental and private agency -- from professionals in the fields of health, social services, elementary and preschool education -- who are determined to deliver more effective services, and to find new ways of crossing ancient boundaries.

At the national political conventions, politicians of diverse ideologies invoked their children and grandchildren to make visions of the future come alive.

In this election year candidates may be reluctant to commit themselves to new programs in the face of budgetary pressures and an electorate still thought to be wary of massive governmental interventions, but poll after poll shows that Americans are ready to invest in helping poor children and their families. We can no longer claim an ignorance of remedies as a reason for abandoning the children and their families who are stuck at the bottom. Now that we know what is <u>possible</u>, politicians of every ideological bent must provide the leadership that goes beyond slogans.

Unshackled from the myth that nothing works, given clear evidence that social interventions can reduce the number of children hurt by cruel beginnings, we must mobilize and modify our institutions to assure that the neglected children of today can become the contributing citizens of tomorrow.

TABLE 1

EXAMPLES OF QUANTIFIED EFFECTS OF SELECTED INTERVENTIONS*

INTERVENTION	OUTCOME
School-based health clinic, St. Paul, Minnesota St. Paul-Ramsey Co. Medical Center 1973 - present	Childbearing among female students in first two participating high schools decreased by more than 50% within three years.
School-related health clinic, Baltimore, Maryland serving junior and senior high school with all black, low-income student bodies totaling over 1700 students. Johns Hopkins University School of Medicine 1982 - 1984	Among 695 female respondents (of whom about 3/4 were sexually active), the proportion of sexually active 9th - 12th grade girls who became pregnant declined by 25%; rate in comparison school went up 58% in same period.
Augmented, comprehensive prenatal care for 7000 low-income women in 13 California counties. California State Department of Health 1979 - 1982	LBW (<2500 gm) rate among participnts: 4.7% among compar grp: 7.0% VLBW (<1500 gm) rate among participnts: 0.5% among compar grp: 1.3%
Augmented, comprehensive prenatal care for 744 school-aged pregnant girls, mostly black and single, all poor, Baltimore, Maryland Johns Hopkins University School of Medicine 1979 - 1981	LBW (<2500 gm) rate among participnts: 9.9% among compar grp: 16.4% VLBW (<1500 gm) rate among participnts: 1.9% among compar grp: 3.9%

* These effects are from interventions described in L.B. Schorr Within Our Reach: Breaking the Cycle of Disadvantage, 1988

Homevisiting to 305 pregnant teenagers by lay "Resource Mothers" in rural South Carolina South Carolina State Health Department 1981 - 1983	LBW (<2500 gm) rate among participnts: 10% among rndm contrs: 13% VLBW (<1500 gm) rate among participnts: 1% among rndm contrs: 4.5%
Homebuilders intensive in-home crisis and family-preservation services, Tacoma and Seattle, Washington Catholic Children's Services and Homebuilders 1974 to present; evaluation 1983 - 1985	In 88% of families in which removal of child was imminent when intervention began, family was intact and child had not been removed one year later.
Comprehensive health, child care and social services for 18 infants aged 0 - 2 1/2 and their families, New Haven Connecticut Yale University Child Study Center 1968 - 1972	At 10 year follow-up: Av. years of education completed by mother: participants: 13.0 comparison: 11.7 Av. # of children in family: participants: 1.67 comparison: 2.2 Proportion of families self-supporting: participants: 86% comparison: 53% Children with serious school problems: participants: 28% comparison: 69%

Preschool education and weekly home visits over two year period for 3 and 4 year old randomly assigned poor black children, Ypsilanti, Mich. (The Perry Preschool Program)

High/Scope

1962 - present; evaluation of 1962 - 1964 participants

Of 121 (N=123) responding at age 19:

	Partic.	Control
Empl'd	59%	32%
HS Grad	67	49
PstHS Ed	38	21
Arrested	31	51

Of 112 (N=123) responding

Yrs in spec ed	16%	28%

Among 49 females

T.A.Preg.	32	59

Preschool education and enriched classes through third grade for 750 Harlem 4-year olds; active parent support and participation

Institute for Developmental Studies, NYU

1963 - 1969

At age 21, twice as many participants as random controls were employed, one third more had high school diplomas or GED certificates; 30% more had obtained post-high school education or training

Changing elementary school climate thru applying principles of child development and basic management; new relationships among principal, teachers, parents, New Haven, Conn.

Yale University Child Study Center

1968 to present

At outset, intervention schools ranked 32nd and 33rd of 33 New Haven elem. schools in reading, math, attendance and behavior. 15 yrs. later, w. no change in SES of students, demo. schools ranked 3rd and 5th in test scores, had no serious behavior problems. One had best attendance record in city 4 of previous 5 yrs.

Nurse-home visiting of high-risk mothers during pregnancy and for 2 years after birth, Elmira, New York (comparison w. randomly assigned controls)

University of Rochester Medical School

1978 - 1983

Among poor, unmarried women (N=110):

Returned or completed school, 10 mo's post partum:
- participants: 75%
- controls: 50%

Subsequent pregnancy, 4 yrs post partum:
Half as many among participants as among controls

Abuse or neglect of children:
- participants: 4%
- controls: 19%

Among 14 - 16 year olds:
participants (N=28) had babies 395 gms heavier than controls (N=17)

Among mothers who smoked:
Premature births:
- participants: 2% (N=78)
- controls: 10% (N=64)

Summer preschool education; weekly home visits during remainder of year for black 3 - 5 year olds and their mothers, Murfreesboro, Tenn. (The Early Training Project)

Peabody Teachers College

1962 - 1965

At age 21, one third more dropouts in comparison group than among participants; control children placed in special education classes at six times the rate of participating children

Chairman MILLER. Well, a fair amount of diverse testimony here. Let's see if we can get to truth and justice in the next few minutes.

Thank you very much for your testimony. I think especially, Lisbeth, your testimony points out that we really need a dual strategy here.

One, we've got to cope with adults and their ability to earn more for their families and their ability to go to work.

We've also got to deal with very young children, so that they're not the feed stock for future poverty in this country; so that in fact they are better prepared when they graduate from high school, or start high school, to finish and increase their skills to participate in what some people believe is going to be a more complex and difficult economy.

Let me start on the first half of this issue in terms of current poor families.

Doctor Mead, let me ask you. I'm not sure that I understand what you're saying. If I'm correct, the suggestion is that if poor people simply work more hours, that that in itself will greatly diminish poverty in this country, even if they're working at the minimum wage.

Professor MEAD. Well, again, most poor people are not working at minimum wage. They are not working at all. Most people who are working are well above the minimum wage. Heads of household are certainly above the minimum wage.

I think these calculations, that multiply out the minimum wage by 2,000 hours a year to get how much is made and then compare that to the poverty line, are quite artificial. I don't mean it never happens. But there are very few people who work full-time, full-year at the minimum wage who remain poor. I think it's 250,000, something like that. It's a very small number. I don't mean it's unimportant, but it's a very much smaller number than the poor people who are not working at all.

So, it looks as if the key is to increase working hours. Now, again, raising wages is not unimportant, but that is primarily an equality issue rather than a participation issue, one might say. It has to do with the claims of workers who are disadvantaged by recent economic trends. That's quite important, but that is not the main cause of the poverty problem we have.

We have a poverty problem due to non-work predominantly, rather than low wages. So, the key is to raise working hours in any job at all. Now, I hope they'd be good jobs, but we shouldn't let the concern over good jobs get in the way of solving the work problem in any job.

I would also add, and there is good political evidence for this, that once more poor people are working in any job, even poor jobs, their claims for redress of that problem would be much stronger.

Chairman MILLER. I guess I have trouble—and I've learned on this committee that anecdotal evidence isn't valuable. It's interesting in that particular case, but——

Professor MEAD. I don't think this is anecdotal evidence.

Chairman MILLER. No, no. I'm about to give you a piece that's terribly anecdotal. That's what we do in Congress. And that's when I see the number of young people with college degrees that are looking for the good job, as you put it, I guess I'm raising the ques-

tion about what you call a good job in terms of providing an incentive for people to go out and look for that job. And when I see what I think is increasing competition for those jobs at somewhere between $5.00 and $10.00 an hour, I just——

Professor MEAD. Well, the mystery is why the lack of good jobs would be a reason to work less rather than more. Among the population as a whole during the '70s, the fall in real wages caused an increase in work effort. We had women going to work in large numbers to maintain family incomes in the face of inflation. So, lower wages caused an increase in work effort.

Now, economists say that's an income effect. That is to say that the fall in the returns to work made people work more.

Now, apparently poor people reason the other way and they say, "Because real wages fall, it's less worthwhile to work." And that is, indeed, true. The returns to work are less. That's called the "substitution effect." So, one prefers leisure or some other activity.

But, the puzzle is why, for the population as a whole, the income effect dominates and caused more work effort, whereas for the poor the substitution effect dominated and caused less work effort.

So, the fact that wages are low is not to me a self-evident reason why people shouldn't work. On the contrary, it should be just the other way. They should work more, but they don't. And that difference of response is the thing that is causing poor people to diverge from mainstream American life. According to the evidence, welfare mothers are working less and less and less, even though real welfare benefits are falling. You'd expect them to work more. So, the trends are really not explicable by that logic.

Chairman MILLER. Doctor Ellwood.

Professor ELLWOOD. Well, I think there's a certain amount of——

Chairman MILLER. If I can ask you to bring the mike a little bit closer to you, all of you——

Professor ELLWOOD. Certainly.

Chairman MILLER. Thank you.

Professor ELLWOOD. There's more than a little apples and oranges comparison going on here. Rather than trying to deal with every single simple statistic and so forth, let me just make one simple point.

Reality is that there are a million families in America that are poor, that have children, where someone is working all the time and the family is still poor. Now, the reality is that it's true, most families who work aren't poor. That's reassuring. People who can get $5.00, and $6.00, and $10.00 an hour jobs—but, I find it very bizarre to argue that "Gee, if everybody could just work like the people that are earning $10.00 an hour, nobody would be poor."

The reality is that the kinds of jobs that are available for many of the people that we're talking about—one, many of them are working. Perhaps a quarter of the poor children in America are in families where someone is already working all the time or the combined work effort of both parents is equal to a full-time job. Those families are working and they're poor. The notion that low wages is not one of the major problems that we have to cope with is just foolishness.

Furthermore, this argument that somehow or other if—it's hard to understand why low pay might not affect the work effort of

people. I mean, if you're a single parent and you're on welfare—and after all, a large part of the reason that we've got more and more poverty is that there are more single parents and, yes, their work effort is not as much as two parents.

If you're on welfare and the only way off welfare is to work full-time at a job paying $7.00 an hour and the minimum wage is $3.35, I think it makes a lot of sense to stay on welfare. If the only way off welfare is to find a full-time job that pays $7.00 an hour and has medical benefits and you can't find anything but a minimum wage job at $3.35, I think it makes a lot of sense.

Chairman MILLER. Let me stop you there, because the more time I spend with poor families and with working poor families and poor families that aren't working, the more I believe that logic doesn't leave you because you're poor.

And one of the things that I find interesting is that just as investors and developers and people in my community calculate the rate of return for effort and risk taken, poor people make the same calculation. And when they sit down and they pencil it out, as people in my district say, it doesn't pencil out. It doesn't pencil out for them either.

Now, either they decided the tax rate is too high, so they're not going to put their capital there, or their rate of return is too low or there's some other risk or some other problem. We've all listened to people who say, "I'm not going to work any more this year, because I give everything to the government." Well, the fact is you only give a percentage, but the incentive isn't there. That was a theory of tax cuts and capital strikes and what have you.

Professor ELLWOOD. That's what supply side economics is all about.

Chairman MILLER. I find that poor people go through the same equation. They add up transportation. They add up child care. They add up health care, the risk to their children, and they say, "It doesn't figure out." That's not an excuse for not going to work. I think it's a question of a logical, rational determination.

Then, when you put a rather frightening overlay on that community in terms of leaving your children in that community or failure to get home on time in many of these environments, that's an additional risk.

Now, Doctor Mead, you suggest that those really aren't barriers, that those things don't really exist?

Professor MEAD. No, I don't say that. I say that they are not unusual for the poor. I don't say that work is easy. I don't say that finding a job, child care, transportation, is easy. I'm not saying that at all. It's difficult. But, it's usual. Today, most single mothers are working, and that's the reason why about half of them avoid poverty.

Now, I'm not saying that that effort is inconsequential or that it's easy to make. It isn't easy. The question is whether mothers should have to make it. Now, I would settle for less than full-time work. I think it's reasonable to ask that, but it's well to know that three-quarters——

Chairman MILLER. I'm sorry. You say most single mothers are working?

Professor MEAD. Yes, most single mothers.

Chairman MILLER. That includes the entire universe of single mothers?

Professor MEAD. Yes, and if you leave out the poor mothers who are mostly not working, the share is much higher. It's 80 to 85 percent. But, over the whole universe of single mothers with children under 18, the work rate is about 53 percent, and three-quarters of that is full-time.

Now, why is it these mothers work more than the welfare mothers? Well, they overcome the barriers. The barriers are real. But, what assumption are we making about the capability of the poor when we say that they can't overcome barriers that other people do? I think they can and they want to.

Your assumption was that people make a calculation. Well, maybe we can impute that to them, but we also know that most of these poor mothers would like to work. They say that. They're not calculating. I think they're overwhelmed. They feel it's impossible to work, and they also feel no obligation to work.

The reason why work programs work, to the extent they do, is that they provide a structure where there is support and help with the logistics, but there is also an expectation that isn't there otherwise. It's the combination that creates a situation where people find that they can work and they have to work. And then they find that they're working and we know that they largely approve of the experience. Workfare helps them do the thing that they want to do.

Chairman MILLER. Well, I don't know that I can take the statement that most single mothers in the country are working, therefore all single mothers should go find work. I mean, I think there is——

Professor MEAD. Well, that's the standard.

Chairman MILLER [continuing]. A dramatic difference in the gradients of the environments——

Professor MEAD. Of course, yes.

Chairman MILLER [continuing]. The communities, and the situations they work in. So, to attribute the ability of one segment of society to find work or the majority of society to find work and to say that therefore we should attribute the same ability to find work to the——

Professor MEAD. I wouldn't go quite that far.

Chairman MILLER. But, you said most single mothers are working, so the other single mothers ought to find work.

Professor MEAD. Yes, in principle, because the norm is to work.

Chairman MILLER. Most single mothers don't have four children.

Professor MEAD. But, most people on welfare don't have four children either. Only a quarter of the mothers on welfare have more than two children, as a matter of fact, so the families are really not enormous. That's really not true.

Chairman MILLER. And what percentage of those mothers aren't working?

Professor MEAD. I don't know. It certainly would be less, as work effort falls with family size. I'm not denying that, but the association of all these social factors with work effort is much less than most people think. It isn't really easy to predict whether a welfare mother works from her background. It's much easier to predict

whether she succeeds in terms of quality of job, pay of job, and so on. That is much more predictable than whether the mother works at some job.

Now, I'm contending that it's working at some job that's critical. Again, it would be very nice to raise the quality of jobs, but we should not imagine that that is the main cause of poverty. That's an equality issue.

Chairman MILLER. But, it's critical for what?

Professor MEAD. Work is critical for overcoming poverty and dependency. It's working at some job.

Chairman MILLER. Is it really critical for overcoming poverty, or is it critical for the noble experience of working?

Professor MEAD. It's critical for both. But, most of those who work steadily at the minimum wage or at higher wages are not poor. That's all there is to it. Most heads of family working and supporting a family, even if they're mothers, are above the minimum wage and they're not poor.

The key effort is numbers of hours of work, and I think the constraint is the one that David mentions, namely, should we expect them to work given their child care responsibility. That's the serious constraint, not lack of opportunity to work. There I would compromise. I would say, yes, it's reasonable to expect part-time work. But, it should be steady. It should be full-year. It should be every week, even if it's part-time hours. That's the thing we should ask and that's what overcomes poverty. It's steady effort. It doesn't have to be full-time in terms of numbers of hours, but it has to be full-year. It has to be most of the weeks of the year.

Chairman MILLER. Doctor Wilson?

Professor WILSON. You know, when I listen to Lawrence Mead, I think of how much he would really benefit from going out and doing some empirical research himself. I would love to put him in the inner-city areas in Chicago so he could develop a more sophisticated explanation of very complex problems.

You know, the simplistic view that you can explain these issues by focusing on a lack of work effort ignores the complex interaction of social and economic factors that produce certain adaptations and modes of behavior. Let me give you an example of what I'm talking about.

You have a new-born youngster in an inner-city hospital. That youngster already has several strikes against him or her. The youngster lives in a neighborhood that's overwhelmingly socially disadvantaged. Seventy to eighty percent of the adults are not working. An overwhelming percentage of the families are single-parent families. And the chances that this youngster will grow up in a poor single-parent family are very great.

This youngster enters a school lacking fully developed cognitive and other educational related skills, because of the environment in which he or she has lived. The youngster is further crippled in the school system where the I.Q. scores of the children decrease the longer the kids stay in school, where the teachers feel they can't learn and are discouraged.

The youngster is also further discouraged because he or she can't see a relationship between education and post-school employment. He or she is discouraged because they're told that they're chumps

if they stay in school, because other youngsters don't see the relationship between education and post-school employment, or they're chumps if they try to work.

This person is not a part of a job network, because he or she lives in a neighborhood which is overwhelmingly outside the job system. Therefore, this youngster finds it difficult to find jobs, particularly some of the higher-paying jobs, because employers are relying primarily on the informal network of their employees.

This youngster is faced with a situation, also, where there is a decrease of some of the higher-paying jobs in the inner-cities that he or she relied on in the past, for example, the decrease in manufacturing employment which has always been one of the avenues for exit out of poverty for inner-city youth and adolescents. Not to mention the fact that, if he or she wants to get some of the higher-paying jobs, it would be good to own an automobile because of the explosion of jobs in the suburbs. But, due to inadequate transit systems, lack of an automobile, it's difficult to reach those jobs.

Now, all of these things interact, it seems to me, to discourage people. And to assume that individuals are super-human from the privileged position of Lawrence Mead, who doesn't have to worry about where his next paycheck is coming from, it's easy to say that people should have a work ethic. But, I think that we have to look at the complex factors that generate people to move in certain areas, do certain things, take on certain responsibilities, and to accept certain challenges.

I just think it would be useful if we paid much more attention to the interaction of social and economic forces that constrain certain segments of our population to behave in ways that are fairly unique and depressing.

Chairman MILLER. Well, I guess what troubles me—and let me just say that I don't think there's any disagreement certainly in the Congress about the desire of the Congress to provide avenues to work for recipients of general assistance or welfare, temporary, long-term, or what have you. My concern is, to some extent, whether or not there is an appreciation for just how tough those structural barriers are.

The largest employer in my district, I believe, is Chevron. They are now deciding whether or not to construct their own educational programs, because people that are coming to them for jobs, mainly white suburban kids, simply don't have the ability to do basic level stuff because of their inadequate reading and computation skills. And these are kids who have supposedly completed 12 years of school in good schools. This is going on with other major corporations.

We signed a workfare in the State of California; but we are now troubled by the fact that most of the people don't have the ability to make out the application for that program, you know, to engage in the skills. So, now the legislature has under discussion whether or not to appropriate tens of millions of dollars to teach people basic literacy so they can start to deal with the application of that program and employment programs.

And so, I guess I'm kind of—I'm concerned that there's an oversimplification here about the basket of skills and goods and talents that these people bring to the job market.

The other thing that I find in this case in my time with working families is that very minor incidents can knock them right out of the job market, knock them right out. A child gets a cold and the baby-sitter, not the child care center, says "I'm not going to take care of your child." They miss a day of work, they're fired. A battery goes dead, they're fired. They get a flat tire, they're fired. We have such a fragile group of people, and I don't see the willingness to invest in the structures to keep or make them employable.

And I think, Doctor Mead, that it's an oversimplification just to suggest that if they would go out and look for work they would find work, carrying the baggage that they do.

Professor MEAD. Well, I'm impatient with the view that my position is a simple one. It's been based on rather extensive field research of the kind that Bill does. I've spent ten years going through welfare offices and employment offices talking to staff about how they deal with clients, what the problems are, what leads to success and what doesn't.

I've published three different studies on this. They're not high level or theoretical. They're based on empirical analysis and field interviews on the determinants of success in workfare programs. They take into account the social and economic factors that Bill is referring to.

I don't think the situation is simple. I don't think those factors are unimportant. They certainly show a negative influence on employment prospects for people. I'm not saying that's absent. I'm saying that the structure that these programs create is at least as important as those barriers for determining whether people work. At least, that's what my numbers show, and that's also what people say in the field.

My views are very reflective of what employment counselors and social workers have told me in the field. I have several times presented these views to meetings of professional workers, social workers and other practitioners, and I find concurrence. So, it isn't that my views are exceptional. I think they reflect the experience of care-givers over the last 20 years.

Now, I'm also not saying that nothing should be done to diminish the barriers. What I am saying is that our view of what is the barrier is the flip-side, the mirror image, of our view of the competence of the client. So, while we have to drop the barriers, which I'm not against, I also think we have to do something to expect more energy from the clients.

We've had a generation of programs that primarily address the outward impediments, without expecting any definite effort from the clients. That is also necessary. I'm not the conventional conservative. I'm not anti-welfare. I'm not anti-government. I don't think benefits are the problem. I don't think benefits deter people from working, very seriously. I don't see evidence for that. I don't think the benefit side of welfare is the problem at all. I don't think that any of the things that my colleagues here have recommended in the way of new efforts for the poor would be a mistake in most cases. I'm in favor of most of the things they recommend.

But I also think, and the evidence supports this, that we have to expect some effort from the poor themselves. That's the missing link, the thing that energizes the whole system. I see work arising,

not from a disembodied effort by people to get jobs, but by a combination of efforts, by programs that provide support and services and clients who make an effort. It's the combination of those things that overcomes the problem. I think that takes into account the complexity.

If I were not taking into account that complexity, I would simply advocate abolishing programs and throwing people into the marketplace. I'm not advocating that. I'm advocating a system of expectation and support that will help people carry out the thing that they want to do. It's based on rather complex reasoning about the nature of the problem.

Chairman MILLER. Mrs. Boggs, any questions?

Mrs. BOGGS. I know that work opportunities have improved in many areas of the country. In my area of the country, the unemployment rate is the highest in the nation. It is especially high among black males.

I'm really puzzled to know what evidence there is that poor blacks would respond to increased work opportunities, and how far should we expect the underclass to travel, and how little should we expect them to earn in order to participate effectively in the labor market.

Professor WILSON. The evidence that black males employment opportunities have improved is not overwhelming, but I really would like to cite one study, if I may draw from my colleague here, David Ellwood, who presents some data on employment of black males in the City of Boston.

In 1985, the unemployment rate of black males in Boston was around five percent, which is one-third the national black unemployment. The employment rate of black males in Boston in 1985 was 71 percent, which is as high as the national white employment rate. This would suggest that black males in Boston are responding to the full employment economy of the State of Massachusetts. So, that's one example.

How far do we expect people to travel to go to work? In our research in the City of Chicago, what we have found is that among jobless black adults in the inner-city ghetto areas, that is, areas with poverty rates of at least 40 percent, only 18 percent have access to an automobile. The jobs that are really expanding in the Greater Chicago area are in the suburbs.

Some of my research assistants who have traveled with some of these workers looking for jobs came back expressing amazement about how long it takes to get to those jobs, how long it take to even get out there for the interviews, in some cases three and a half hours of traveling. The reason that's a problem in the City of Chicago is because of the lack of an adequate mass transit system.

So, people get discouraged. Mead talks about these people as if they're super-humans. You know, why don't they have a work ethic? And here you have people who are inadequately trained. You have employers who don't feel that they can work or don't feel that they are employable because of the inner-city educational system. You have individuals who are faced with an inadequate mass transit system who have to travel many hours to get to suburban jobs, and then have wages that are not very high. It's little wonder that people throw up their hands in despair.

Congresswoman Boggs, I forgot the third question.

Mrs. BOGGS. I was just interested in how much we should expect them to earn? How far do we expect them to travel? I think it's such a disgrace to say that they have no commitment to work.

Professor WILSON. Yes, I agree.

Mrs. BOGGS. And I don't understand why we think that people will simply have a commitment to work if the work is not available except at far distances and lower pay.

Professor WILSON. Yes. And I should also point out to you, and maybe Lee Schorr could say something about this on the basis of her research, but on the basis of some micro-studies it appears that young blacks stand in line waiting for jobs when they are available.

For example, in Chicago the introduction of city employment for youngsters leads to long lines, and 75 percent of the youngsters end up not getting the jobs because there are not enough jobs for the many applicants. People do, in fact, want to work. There's no question about that. Lawrence Mead is not saying they don't want to work. What he's saying is that once they get into these jobs they don't stay in them very long because of a high turn-over rate.

But the point is that if we could provide jobs and augment wages by increasing the earned income tax credit, we might find that the retention rate would be much longer. People then would be able to realize that they make more working than income from welfare.

Mrs. BOGGS. Thank you very much.

Professor ELLWOOD. Can I just make one quick comment? I think there's a danger of oversimplifying on both sides. It's not just a lack of jobs. It's not just anything. That's a part of what people are saying.

But, I think the reality is that until we have a situation where people realistically can make it, it's very hard to make any claims that, "Gee, what we need is more obligations," or this, or that. The simple reality is that for a two-parent family, working does not often pay. People are often poor. For a young teenager, a minimum wage job may be available, but where does it really lead, what does it really offer?

And for single parents, the group that we spend most of our time fighting about and worrying about, the group that's on welfare, Larry Mead talks about how he's in favor of part-time work. Well, part-time work doesn't get anyone anywhere. You'd really have to be dumb to think that working part-time on welfare is a sensible idea. You might think it's an investment, and that's the way to do it, and the reason to do it has to do with all the values that we cherish. But, you're worse off when you do it.

It makes far more sense, doesn't it, to agree that we all believe in work, and to let's make sure that when you work you're not poor. And let's make sure as a single parent you do have some additional support, some non-welfare support, some child support, that makes it feasible to work part-time and avoid poverty, that makes it feasible to really get ahead. It is true that many single parents work. But, do you know what? They're the college graduates. They're the people without young children. They're the people without all those things.

It's not just jobs. It's not just obligations. It's none of those things. But, let's make sure that when people take the effort, take

the initiative, that they can make it. Because, all too often they don't, and we can do things that can change that, that aren't real expensive, that don't involve massive restructuring of the economy. They're simple steps that all ought to agree on, because they reinforce our basic values and they get people off the welfare system.

Ms. SCHORR. To underline what we're all saying, I think that the need for a dual strategy is what comes out of all of these discussions. You've got to have the opportunity for good work at decent wages, and you've got to have the support that's contemporaneous with the job, the support in terms of good child care, decent transportation, help for people who are just entering the job market to make that sustained effort, not by giving them more incentives to make the effort, but by giving them the support they need to get there.

And we also need the support that comes earlier on, as Professor Wilson is saying. It's the kid who starts out at low birth weight, with untreated health problems, who is handicapped at school entry because there was no decent child care and there was no decent Head Start program to help prepare him for school, who is handicapped by the lousy school he went to. Those are all things that add up to become further impediments to being able to take advantage of the opportunity that's out there. But, you've got to have that opportunity to work at a decent wage to make it all possible.

Mrs. BOGGS. May I just respond some to Ms. Schorr?

I was so struck by your saying that by the time a child is in the third grade it's evident about whether that child is going to become a drop-out or a teenage parent or so on.

When we started Head Start in 1965, it was on that premise. And as you know, it was an anti-poverty program, not under education at the time. All of those services that you mentioned were brought to bear for the Head Start program because we didn't want the children set by the third grade to become the problems to themselves and to society that we assumed that they would become.

We have the Widening Horizons programs. We've introduced the parents and involved the parents and so on. And this is all those years ago now. And in addition to that, we now recognize with the National Science Foundation educational programs, that we have to back the science and math programs. I've been on that appropriations subcommittee for 11 years, and I've almost got them to the first grade.

But, the whole mind-set, the condition of health, the interest in the work ethic, the quality of life, and the ability to compete that we must be able to give our young people, we all know that it starts at the very beginning. And if we've known this for all these years, my question is why haven't we followed through, and why we are just rediscovering all the time that we need to do these things.

Ms. SCHORR. Well, it seems to me that one of the things that has happened since you were involved in getting Head Start started is that a lot of what we did then on faith and on theoretical knowledge, we now have the evidence, the very clear documented evidence about the long-term effects of Head Start: reducing depend-

ency, reducing teenage pregnancy, increasing the rate of employment for the population that succeeded at school, in part because they succeeded before school with the help of Head Start and the help of the health services, social services, and nutrition services provided through Head Start.

So, we now have the evidence that what you set out to do then really had the effect that you hoped it would. We also know that those comprehensive programs, multi-faceted programs, are really needed before the child is four or five. And we're learning how to provide the similar set of services for even younger children.

But, why are less than one-fifth of the kids who are eligible for Head Start actually enrolled? Why is there not enough funding to get all the kids who are eligible and who we know would benefit from those services? Why are they not enrolled? Why is that not financed?

Well, I can only hope that now that we understand more about how effective those programs are, that that will begin to assuage some of the hesitation of people who have not been willing to invest in those programs.

Mrs. BOGGS. You know the new education bill, of course, has an Evenstart within its new programs. It will take care of the younger children, fill in that gap between one year old and kindergarten time. It also is a dual program, because there's an adult literacy program that involves poor parents in a meaningful way.

Because, I noticed in your testimony that you were apprehensive about the parental kinds of classes that really were geared only to middle-class families and to their situations and values.

Thank you very much.

Chairman MILLER. Mr. Martinez.

Mr. MARTINEZ. Thank you, Mr. Chairman.

Mr. Chairman, before I make a statement and ask questions, I want to say that I'd like to enter a statement into the record on behalf of myself and the members of this committee and people everywhere who seek economic justice in this country and who really believe in an equal opportunity for all. It seems like some do and some don't. A lot of it depends on changing the attitudes of those who don't.

Based on interviews with social workers, I think you have to understand the social workers themselves. I've seen it from the other end. For some, there is a sort of nourishment in having the power to control people's lives. And for some, there's nothing as desperate as it seems to the person making the application, because they in their own experience are not feeling it, because they are secure in the comfort of their own prosperity. I think you have to understand, when you do that kind of a study, that you're not looking at the complete picture.

I think, rather than just talking or interviewing social workers, you ought to get down and live the everyday life that these people are living during an extended period of time, not just for a brief period of time. Because, you never really understand the situation until you're there for a long time.

As Chairman of the Subcommittee of Employment Opportunities, I've held hearings all over the country. I've been to committee meetings and hearings of other committees where we've heard

about the poverty situation that exists. It's like Senator Bentsen said, "Our economy is doing great for some, but not for all." Our economy is like swiss cheese, there are big holes in it.

Well, I've seen them. In Beaver County, Pennsylvania; Mahoney County, Ohio; the two highest unemployment rates along with Ms. Boggs' district in the country; people are telling stories like the gentleman who came up to us after the hearing and said, "You know, I don't know what we're going to do, Mr. Martinez. In this country, there are some people who think that we are having a great economic recovery, but for us here in this area, we're not." He said, "I worked in the steel plant that closed for 20 years. I was looking forward to my retirement. I fell short of retirement." And because the company closed and wasn't adequately protected, his retirement wasn't adequate.

And he says, "You know, my wife had stayed home to take care of our children to make sure that they got the right kind of upbringing. I looked forward to sending these kids to college on my wages alone, sacrificing, scrapping, and saving.

"But, as a result of my unemployment I've had to take a job at a minimum wage. My three children who are going to college, they're working at minimum wage. My wife has now gone to work, working below her level. She has teaching credentials, but the people are all leaving, so there are no children in school, because they're going looking for jobs. There aren't enough jobs for a person of her caliber, education, and background.

"And so, as a result, we're all working at slightly above the minimum wage or right at minimum wage just to maintain the living that I maintained as an individual worker in a family of five."

The trouble is that one half of one percent of our population owns 35 percent of our wealth, while 99.5 percent of the population is fighting for the other 65 percent. While some of us are living from day to day with a good existence, others are working hard and saving and living on an austere budget and making ends meet from day to day. There are still too many people that are just struggling to survive. That's all, just survive.

In this country, we talk about providing employment training and education and all these things. Mr. Aldrich said it best, it's not a simple answer, because it's not a simple problem. There are a lot of factors involved, the least being that people who are not working are not working because they don't want to work, or because they're too lazy, or that the idea of low wages doesn't create an incentive. That's crazy.

If a person figures out that he's either going to have to go to work and put up with the insults and the abuse of an employer who wants a low wage employee because he's low-skilled and he knows he can control him, or he's going to have to put up with over-aggressive social workers, and he weighs the two, he's going to go with the over-aggressive social worker. He's only got to put up with him once a week or once a month.

Another side of it is that he can collect more money. If you talk about women, women with families, child care isn't the only answer, isn't the permanent answer, I agree. But, it's one of the answers that we have to understand, because I've visited homes where there have been women with five children who've been

abandoned by a husband, and you say that women derive the benefit from going after the husband? Hey, the woman should derive the benefit. After all, she didn't do all of that by herself.

So, there are a lot of problems and you can't look at it with tunnel vision. You know, the one thing that I see is if we look at the conditions and the wage levels of the labor force, and consider that great number of people that you talk about who are willing to work part-time, many of whom are working part-time, but they don't want to work only part-time. They want full-time employment, because as Mr. Ellwood said, part-time employment takes you nowhere.

I have five married children, and they all have children. Each one of them and their spouses work because they have to to make ends meet, and not at minimum wages, or not at low wages, at pretty good salaries. The thing is, that they're still not making it. So, those people who are working part-time are doing so because they're forced to, not because they want to, because that's all that's available to them.

But, if we understand all that, then we begin to understand this great economic recovery and just how stable that economic recovery is. It's not stable. If we don't understand the problems of the poor and the working poor, people who are working who want to work, but they don't have any avenues of redress to a higher level of employment or higher wages and as a result, they get stuck there and sometimes they slip back into that welfare situation that we don't want to see them in.

With all of that, then we start understanding what our condition really is in this country. It's not that good. For some it's good. But, don't look at ourselves, if we're happy and comfortable because we've got a good job and good salary. Think about it in the terms of those who do not, because those who do not will drag us all down if we don't do something about it.

[Prepared statement of Hon. Matthew Martinez follows:]

PREPARED STATEMENT OF MATTHEW G. MARTINEZ, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Mr. Chairman, on behalf of people everywhere who want economic justice and believe in equal opportunity for all, I recommend an idea and a concept who's time has come—an economic bill of rights. In keeping with the concept of our Constitution of promoting the general welfare, we must move boldly forward to protect and improve the quality of life and provide for the economic security of all our citizens.

As chairman of the Employment Opportunities Subcommittee, I have held hearings in enough parts of the country and have come to understand through evidence provided at these hearings that there is a growing number of poor and under employed people in this country. People who have gone from reasonable wages to poverty level wages. Don't be fooled by the fact that the unemployment rate is down to 6%. Yes more people are working, but at a lower wage because that is all they can get.

Today one-half of 1% of our population own 35% of the wealth, while 99½% of the population are fighting for a share of the other 65% of the resources. While most are still struggling to live from day to day, too many are struggling to just survive. Unless the leaders of our country take steps now to create jobs, fair wage jobs, provide training for those jobs and refine, and improve the quality of education, we will not survive.

If we look at the condition and the wage levels of the labor force, and consider the great number of part time workers who are not counted as unemployed, but who are virtually unemployed because they really want full time work, we begin to understand the true sense of our great economic recovery and just how stable our eco-

nomic prosperity is under the Reagan administration. One-third of our people are living in or near the poverty level. Meaningful employment is one that takes into consideration a fair wage and provides for pride of accomplishment and is the key to economic survival and insuring the stability of family life.

When the question is asked "Are we better off today than we were 8 years ago?" Think of others not only yourself. Sure, some of us are better off, but our Nation and its people as a whole are not. The job creation that has taken place in the last 7 years are jobs in the service sector at minimum wages, or jobs where training, education, and a high level of skills are required. And we have not prepared the available workforce for those jobs. Lower wages and higher costs of goods have shifted consumer power from the lower and middle income population to the rich who always buy wholesale. We have gone from a society where two-thirds of our families could afford to buy a home to a society where only one-third can afford the American dream of home ownership.

Instead of creating a higher standard of living this administration has said "lower your expectations unless you are born with a silver spoon in your mouth," instead of creating the opportunity for a full and meaningful education for our children and young adults.

This administration sought to slash programs for students ranging from head-start to school lunches. It has waged war on programs of particular importance to Hispanics—such as Chapter I, Bilingual Education and Immigrant Education.

This Republican administration tried to abolish the vocational education program. It tried to cut assistance for students who want to go to college, and has forced low-income students to go deeply into debt to get a higher education. That just isn't right.

Under Republican policies the proportion of Hispanics attending college has actually fallen. Even for Republicans that is quite an achievement. This administration has axed funds for data collection—so that Americans won't know what is happening in our schools. That is what they have really done while they have created the grand illusion that they care, often quoting the report "a nation at risk." And—to top it all—this Republican administration has even sought to abolish the Department of Education. Republican policies are truly putting the Nation at risk.

For gone are days when many of our people with no education could find a job. Where they could be trained at the job and earn a decent wage and have adequate benefits. This was true as little as a few years back, but not today. So wake up America. When a segment of our society suffers it eventually gets to us all. If we are to advance as a nation we must provide the opportunity for Americans to have pride in themselves and confidence in our future, just as our President said. But we cannot do it expecting our people to learn less, do less, or earn less. The economic security of our families is the stability of our democracy, and we must work to preserve it.

In closing let me say, as a former Secretary of Labor said at an employment hearing in Chicago, "The cycle of permanent poverty is the breeding ground for the social ills of a society."

Mr. MARTINEZ. But, I've got a question to ask anyone who would respond to it.

I heard you, Mr. Mead.

How can you help us, as a committee, make any sense of why we are witnessing increasing numbers of working poor? You understand? Because, the unemployment figures in some parts of this country show there are more people working, absolutely more people working, at lesser wages than they did before.

And the question is, if this is all true, how can we make the statement that we're entering our sixth year of economic expansion? We might be for some, but how does that economic expansion affect those at the very bottom of the ladder, those we need to help up?

Professor MEAD. Congressman, let me answer that first.

I think your example of the steel worker's family proves something I was saying earlier. When he lost his job in the factory, he and his wife and his children all went to work at low-paying jobs in order to maintain the family income. That is precisely the pattern

that we see in the population over the '70s and into this decade, where economic troubles lead to more work effort.

Mr. MARTINEZ. Well, let me interrupt you right there, because I think it's very important. It's something I did not say and that he said to us.

He said, "I look around and I see people on welfare making more money than I am." He said, "You know, maybe we all ought to just chuck it and all go on welfare." That was his statement.

And so, you get people in that desperate situation at those low wages you talk about that really start contemplating going on welfare, no matter how much work ethic they have, or how much pride in themselves they have. Because, let me tell you something, it's no fun.

If you've never experienced it, try it sometime. Go with your father pulling a little wagon to get what they give you, what they called during the depression the "gimme-gimme," and have these people giving it to you and making comments like, "Look at these lazy S.O.B.s" and "Look at these people who've got no backbone, no spine". It's as degrading as hell.

Do you think that doesn't affect people in their attitudes and their frustrations? It sure as heck does. Let me tell you something. If you offer some of these kids in these ghetto neighborhoods $3.00 or $4.00 an hour, why in the heck should they go to work for $3.00 or $4.00 an hour when they can make a thousand dollars a day selling drugs?

Professor MEAD. But, your steel worker's family didn't do that. See, that's the difference. They took the legal jobs, though they were a considerable come-down and there was considerable hardship involved. I don't deny that for a second.

There has been a reduction in real wages for an important part of the work force. And those people have a claim. Those people have a grievance. I'm not disputing that. But this hearing is about poverty, and in general those people are above poverty. They generally do not actually go under the poverty line. They maintain their incomes, perhaps at a lower level, but above poverty, by taking those lesser jobs.

Now, among the poor, the pattern is not to work at all or to work erratically. That's the difference. Whereas the work effort has increased for the bulk of the population, for the poor it was always low and is apparently getting lower.

So, I don't believe that it's helpful today to conflate the problems of the working poor or the working almost-poor with those of the long-term poor. Generally speaking, the long-term poor are not working. It's a substantially different problem. Their problem is not due to low wages, it's due to not working at all.

You have to ask why that is, and it seems to me it's predominantly because the structure of policy doesn't require people to work as a routine part of welfare. I'm not saying that everything else is unimportant. It may be true, as you say, that the working poor are increasing in number too. That is something that we should worry about.

But, again, the working poor are a very small part of the total poverty picture. It's not unimportant, but it's not our major diffi-

culty. Poverty is predominantly due to low working hours, rather than low wages.

Professor ELLWOOD. I would prefer not to continue on in this particular debate, in the sense that, again, a quarter of the poor families in America are already working full-time. Yes, we can ignore those. There are three-fourths others. But, you know, when we ignore those we start sending signals about what we value.

We start saying that "Yes, okay, it's fine to be on welfare because it pays you more and any sensible human being would do it." But, they don't because they ought to work hard, they'd rather work hard.

So, why not make work pay? Why not make sure that if—why not help single parents do their job?

As to your question about why the recovery hasn't really reached the people, the working poor and so on, first of all, I think I would be misleading if I said we know or agree. There is enormous debate. There are a couple of things we do know.

What seems to drive the poverty of the working poor, precisely because they are working, is not the unemployment rate. The unemployment rate helps a little. But, what really drives it is real wages, and real wages have not recovered. Real wages now are lower than they were 15 years ago. That's true for middle America. This is not just the poor.

The problem is, though, the poor—you know, middle America gets nailed a little bit, but the poor really get killed. So, the notion here is that, yes, there are structural changes in our economy. There have been a variety of other kinds of changes. We clearly have this widening income distribution, and we have chosen, partly for the reasons that Professor Mead expounds, to simply ignore working Americans, simply ignore people that want to work, are willing to work, that can work, and instead worry about fighting for nickel and dime on the welfare system.

Why not, instead, you know—paper over these differences for a moment. Let's just agree we're going to try and make sure that if you work you're going to make it. Larry Mead says that's not a problem. Fine, it's not going to cost us anything. We're going to instead help those people who are willing to work and that's something that we can all identify with.

So, I don't think I have a very good answer for you why those things change. You've heard the reasons, the structural changes, the variety. But, the bottom line is this, work just doesn't pay as much as it used to, and it especially doesn't pay as much as it used to at the bottom end. Part of the reason is we haven't changed the minimum wage. Part of the reason is a lot of other kinds of changes. But, the bottom line is we've got to start thinking about those people if we really want to avoid a situation where people are stuck on the welfare roll.

Professor WILSON. I would like to add, Congressman, that when the economy slumps the economy of the ghetto gets a lot worse but does not automatically return to the status quo when macroeconomic conditions improve. So that, cyclical economic fluctuations lead to step-wise increases in social dislocations.

Chairman MILLER. Mrs. Johnson.

Mrs. JOHNSON. Thank you, Mr. Chairman.

My thanks to the panel. I'm sorry I wasn't able to be here during some of your testimony, but I am very much interested in this issue of how can we make change, particularly for our poor families.

I want to ask you if there is any research that deals with the issue of mandatory work requirements? Now, let me clarify that. I am not aware of any work that's been done. Well, let me give you an example. I think it will be clearer.

Some years ago in the 1970s, when I was in the State Senate in Connecticut, there was a federal program that looked at what kinds of services would be necessary to keep seniors in their home. And it was carte blanche. I mean, the federal experimenters had the right to provide whatever. And we found out through that that it could be very expensive. We found out through that that certain things were key and others weren't. We found out through that what families could do and how you had to be careful about displacement and things like that.

I would like to know if there's ever been any experimental effort to mandate participation in education and work programs and provide the day care support, the nutritional subsidies, the participation in education programs. But, actually, let's separate off the developmental issues, Head Start, early intervention which I feel very strongly about, but just looking at mandating work and assuring income.

My belief is that the assuring income piece has to do with day care support, fuel assistance, but also income subsidies so that the family would have the level of income they needed, but the person would have the development they need if in ten years they're going to be earning an income that would support a family.

The reason I want to know more about concrete research that's been done in this area, is because in my estimation the minimum wage can never be raised to where it would support a family. I don't think that was its intention. And I think the slide in the value of our wages over the last 15 years, as one of you resulted, is primarily the end result of the 10, 12, 14 percent inflation that plagued our country in the late '70s.

And I don't lay that up to one party or another. I lay that up to a very complex series of things that were going on nationally and internationally. But, the fact is we've never recovered in government or in families, and that's the bottom line.

And I don't think that the statistics game is going to help us, and I don't think the minimum wage debate is going to help us. I think the earned income tax expander, sensitive to family size, might be a very powerful tool when combined with food stamps and fuel assistance and day care if we could deal honestly with income qualifications so that we create a composite of income supports that we pair then with the requirement to, if you're on public benefits, to also contribute. And the contribution would be first educational until you reached a certain level, and then work.

But, I've never seen any research that really looked at just these issues. I know there's been a lot of research about mandatory participation and welfare work programs. But since it doesn't involve sufficient income support, then you see you get into these things,

"Is it worth it to work? Will I get more if I stay on welfare?" That isn't the issue, and we mustn't pose that issue for our families.

But, is there any kind of study of the kind there was in home care for seniors, where we really were able to look at what supports would it take, coupled with mandatory work? Ten years down the line I think we'd have stronger families and stronger earners.

Professor MEAD. I don't know of a study that has done precisely what you want. There are studies of workfare programs, but none of them is as rich in services and education as you're proposing.

There are programs now being run that are that way. I'm thinking of the Massachusetts program and also California. But, they have not been——

Mrs. JOHNSON. But, the Massachusetts program, see, is not a—excuse me for interrupting you.

Professor MEAD. No, it's true. It isn't. That's correct.

Mrs. JOHNSON. It's not a mandatory participation, and I am interested in the mandatory participation because—there are two reasons.

First of all, in visiting some of my work training programs under W.I.N., I had parents say to me, Hispanic parents, white parents, black parents say to me, "You know, I dreaded the day my kid turned six. I dreaded coming here, but this is what I always wanted."

Professor MEAD. That's right. That's the usual response.

Mrs. JOHNSON. Then, for teenagers, I think we do them a disastrous disservice when we permit them to make the decision to drop out. We wouldn't permit our own child to drop out.

Professor MEAD. That's right.

Mrs. JOHNSON. I don't think public policy should permit people to make the decision to say "I don't matter."

Professor MEAD. That's right.

Mrs. JOHNSON. And see, that's what you're saying when you drop out of education or work, that you don't matter and your empowerment doesn't matter.

So, I want to look more at empowering the individual, whether they want at that moment to be empowered or whether they don't.

And then, dealing with coupling that with an honest approach to living expenses.

Professor MEAD. I find that the studies by M.D.R.C. that you've probably heard of that look at workfare programs don't focus precisely on this. They focus on the impact of the program and not really on the role of obligation.

My studies, in contrast, which have a different methodology, do focus on obligation as measured by the participation rate. I find that that is critical to their job entry success, to moving people into jobs.

I haven't been able to assess the role of services of the kind you're talking about, primarily because I was studying the W.I.N. program which had limited training. Some of the new programs like California do have a much more ambitious training and educational component.

I also found that it didn't much matter what the activity was. The important thing was to get the mother into the routine of doing something each day, getting out of the house and into some

constructive activity. That activity could be a wide range of things, education, training, looking for work, actual work, work experience as it's called, a range of things. And the impacts of all of those on job entries were quite similar. But it mattered very much that clients have to do something, to assure that they are obligated.

Now, once they are involved, then the obligation shifts into the background. It's not the thing you emphasize, very much like public education. Require kids to go to school, but once they're there the emphasis is on opportunity. And that's exactly the way it is in workfare programs, those that are successful.

Now, I should also say workfare has not shown and does not show in my studies an ability to raise the wage that you get. The wage that you get is still a low one. It is typically above the minimum wage, but it isn't an improved wage over what you might get.

In other words, the program doesn't show a capacity to raise the quality of jobs. It does show a capacity to raise the quantity of work effort, that is, the share of people who are doing something active.

Mrs. JOHNSON. And in those studies, have those people been followed a long enough time to find that after they have been in the minimum wage job or the low wage job for a while, that then they do find a way to move into higher paying work?

Professor MEAD. Oh, yes. It's the initial job that is not improved in quality by workfare.

Mrs. JOHNSON. But, I would maintain that it's the public policy maker's responsibility to enrich that minimum wage to a living salary as opposed to the small business' job to hire at a higher salary someone they would normally hire at a lower salary.

Professor MEAD. Yes. I would certainly be in favor of that. I think what you're suggesting is exactly the combination that I favor; more services, more training, more opportunity, perhaps higher benefits, but coupled with an obligation.

I don't think the benefit side, again, is the problematic side. The public has shown a willingness to spend more on services. As Lisbeth Schorr has said earlier, there is support for spending more for the poor. That isn't the issue.

I think the public, if satisfied on this question of obligation and effort, is prepared to spend more. But, they have to see the contractual relationship between what people get and the effort that they're making.

I believe that if Congress could see its way clear to have a serious work policy in welfare, we would in fact see a more generous policy towards the poor who now get very little, as David has shown in his book. Working poor and children get very little. They would get a lot more, it seems to me, if we had a serious work policy. Because, then one could justify it as part of a contractual arrangement where effort is being made.

So, that's why a work policy is constructive. It should not be seen as punitive. It's not so regarded by the clients themselves. It leads to them going to work in much higher numbers, and can be coupled with very meaningful educational development benefits.

Professor ELLWOOD. Congresswoman, I think there's a lot of wisdom in what you say. I mean, I think in fact what we've tried to do so far with our work-welfare programs and so forth is to get

people in and going and yet we haven't dealt with a couple of really major problems.

One, we haven't dealt with the fact that it takes a $7.00 an hour job. Every state—Massachusetts has found this. California has found this. You've got to have $6.00 or $7.00 an hour. You've got to have medical care in order to make it.

Well, for a woman that's a drop-out with a young kid, who's going to have to work full-time at $8.00 an hour, it's just not going to happen. So, finding a way to provide those additional non-welfare supports, I just would go further. I think the E.I.T.C. is a great idea. I wholly endorse that move. I think that child care supports and a variety of other things are really there.

Indeed, the only one that you mentioned that I'm a little nervous about is food stamps. I think the goal ought to be, make it possible for people to work and be completely outside of the welfare system, don't have to have that snickering behind you in the line when you're—you know, working poor people are already eligible for food stamps. They just don't bother to take it, for some pretty obvious reasons.

So, I think if we really want to make welfare transitional, and I think we do, then I think we've got to do exactly what you say. But, I would add one more. I think child support, child support including a minimum assured benefit, is something that a woman can count on, not enough to live on, but enough to provide some support so that, plus her own work, plus some of these tax credits, can realistically make it possible to work even two-thirds time and make it.

Mrs. JOHNSON. So, actually, are you saying that if we enrich the earned income tax credit——

Professor ELLWOOD. Yes.

Mrs. JOHNSON [continuing]. So that you really were bringing minimum wage jobs up to, say, the federal poverty level, or 150 percent of the federal poverty level, but by family size——

Professor ELLWOOD. Right.

Mrs. JOHNSON [continuing]. And eliminated the other programs, fuel assistance including, so that we would eliminate the administrative costs of those things, then we would hit both all who need it and have a simple direct mechanism that was family sensitive, size sensitive?

Professor ELLWOOD. I think it's not possible just to use the E.I.T.C. to do it all. I think you do have—in my own work, I try to do it all with the E.I.T.C. I found I needed to raise the minimum wage and expand the earned income tax credit to make it feasible that when you work you're not poor.

But, yes, I think let's concentrate our resources in helping people help themselves, instead of fighting about whether to raise benefits or lower benefits, or extend them this way or cut them back that way.

Mrs. JOHNSON. But, it does seem to me——

Professor ELLWOOD. Child support, earned income tax credit, medical care, those would be the top three on my list. I also would raise the minimum wage, reluctantly. But, I think there's no way to do it without raising the minimum wage. And even Larry here has seemed to endorse that idea.

So, the notion is let's take those resources, let's spend them to help people help themselves. And by the way, let's collect a lot more along the way from absent fathers, which is a huge source of untapped resources.

Mrs. JOHNSON. Thank you.

Chairman MILLER. Congresswoman Schroeder.

Mrs. SCHROEDER. Thank you, Mr. Chairman, and thank you to the panel.

I guess, just several things. I think that this is a very interesting panel following on the Business Week discussion a couple weeks ago about how we, as a nation, have not invested in human capital. I think that's really what you're saying and pointing out the comparative investment this country makes in human capital, versus our competitors and how they're killing us.

So, I think that's very important. And I think it's—one of the problems is how do we get that political consensus. Because, I'm sure people are sitting there saying, "Oh, there go the bleeding hearts again," you know, "Just pull them up by the bootstraps and everything will be fine," and it won't be.

Several of the things that strikes me about our society that's very troubling is, number one, minority males. We've tolerated very high unemployment rates among them for a very long time.

Secondly, all the studies I've seen on affirmative action shows that it helps women much more than minority males, because women are inside in the office and they have a way to bid up. And minority males tend to be outside on the dock in the hot and heavy positions. So, maybe it helps them get hired, but it doesn't provide the career ladder. So, they don't see the opportunities and we're hearing it's having a fallout in minority males going to college and so forth.

And then, the focus becomes, well, how do we get the single mothers then back working, rather than how we get the family back together. So, if we start with the premise of family, I don't think we're going to move anywhere unless we start as a society saying we're going to provide real opportunity for minority males to do something other than earn a very low wage for the rest of their life as a janitor or whatever, and aren't they happy they got to be whatever it is. We just don't deal with that.

And I know one of the other things that I looked at that I was really amazed at is you look at Australia and what they do with their immigrants. I mean, they put them in a college setting. They live there for a year. They teach them how to find jobs, how to find housing, how to use mass transit, how to shop in grocery stores. An incredible cost per person invested, and they don't bat an eye. They say, "Oh, this is what we have to do so they are part of the society, so they accept us and we accept them."

And you can imagine if we ran that kind of college for people on welfare to help them regain the skills that maybe they never got in their homes, why people would be outraged.

So, I guess the bottom line problem is how do we get a political consensus to invest our money there when everyone from Business Week right on is telling us it's harmful otherwise. That's my frustration is the political. I think we're all the choir. How do we do the politics?

Professor ELLWOOD. I think Lee should comment for sure, but let me make one point.

I think one of the ways we do is stop fighting about fixing welfare.

Mrs. SCHROEDER. Yes.

Professor ELLWOOD. Okay. Welfare—I used to go on radio talk shows. I'm one that doesn't believe that welfare has caused a lot of damage per se. Okay? I don't think lots of people are having babies to get on welfare. But, you know, you go on a talk show and you say that, you get screamed at. I mean, you get screamed at. Not only by conservatives or working folks, but by people on welfare who hate welfare even worse than anybody. Okay?

Mrs. SCHROEDER. That's right.

Professor ELLWOOD. I think for too long we've said what we're supposed to do is help people on welfare, and then we start worrying about errors and we start worrying about that. We isolate the people. We stigmatize the people. We create a bureaucracy that has a life of its own. We do a lot of things that don't really help people help themselves, and in the meantime we antagonize everybody in America. Everybody hates the welfare system. Okay?

But, I've since—since doing my book, which basically says welfare isn't the right way to go, and go and say, "Listen, there are real problems. There are people out there that are working and they are still poor. There are single parents trying to do the job of two parents as one and they don't have any support and that's wrong. There are people who don't have medical protection." Literally, I've not had a single angry reaction.

I think the notion is that if we stop fighting about welfare, even welfare reform, work in the welfare system. That ought not to be our goal, not work on the welfare system. It ought to be, work outside the welfare system. And I think if we make our agenda one of dealing with real problems for real people, I think we can garner the kind of public support that we're going to need.

And of course it is going to cost some money, but in the long run it saves us a fortune. And so, my hope is that maybe by talking about the problems of the middle class, about single parent families, which by the way is a very middle class problem now, of low wages and so forth, we can really try and make some progress.

Mrs. SCHROEDER. Thank you.

Ms. SCHORR. I think it's very impressive that the kinds of things that we are talking about, and I think we've all had this experience, get positive responses from people committed to a wide range of ideologies.

I have been quite flabbergasted at how easy it is to talk with the Committee on Economic Development about these changes. They're there. They understand what you have to do. And I think the recent Business Week cover, which not only says we have to invest in human capital, it says we can't afford not to——

Mrs. SCHROEDER. That's right.

Ms. SCHORR [continuing]. Is a manifestation of the fact that business now understands that we cannot waste a single American kid coming into adulthood today. There is the combination of demographics and technological development that have made people who don't respond perhaps to the social justice, social equity argu-

ment, arrive at the same place as the people who are more motivated by a vision of what America should be like.

Well, if you get to the same place, if what you care most about is America's competitive position in the world, then I think we do have a chance to mobilize enough people around a program that accepts the complexity of the problem, realizes that the solutions are not quick fixes and that there is not a single one shot fix.

Polio is not a good analogy. There is no polio vaccine in this field. But, we have a lot of tools that we can put to work. And I think with the range of interests groups in the country today that are beginning to recognize this and beginning to respond to the evidence, I think we have a real chance of putting it together and changing things for the families that we're talking about and strengthening their own capacity to support their children, to raise their children and have their children going on and becoming contributing citizens.

Mrs. SCHROEDER. I think that's very important. I go around saying to people, "I know how to motivate middle class kids." They grow up. They know that their parents want them to get an education and everything else. And let's be honest, we still bribe them. "If you do this, you get that."

And so, when you grow up in an environment where there hasn't been that emphasis and you don't have the capacity to bribe them, what we're talking about as a society is we absolutely have to motivate them. How do we do it, and how do we move there? It is wonderful to see everybody coming out at the same end, but we're still not there yet.

Professor MEAD. I'd like to utter a cautionary note, and that's that the evaluations of these training and education programs have not shown that they can raise the skills of disadvantaged people very much. There is an improvement. It may be worth doing. I'm not against spending more on it, but we should not imagine that that by itself is going to solve our problem.

What that strategy does is to aim, again, at the wage level. It says, "Let's increase skills so people can get a higher wage, and then they'll be able to earn their way out of poverty."

Well, it seems to me that the prospects of that are limited. The greater cause of poverty, as I've been saying, is low working hours, not low wages. And that's the thing that we have to concentrate on.

I also find in the evaluations of workfare programs that they typically show a payoff to training, but it's limited. It looks to me as if these programs have much more capacity to increase working hours than they do wages. They can increase work effort. They can't necessarily improve the quality of the job that you get. That's also the result of my own studies. Now, I'm not saying we shouldn't improve quality, but the emphasis has to be on raising the work hours.

I also feel, in response to what David said, that we should be less concerned with getting people off welfare. It seems to me that their fundamental problem is failing to cope in ways that other people expect, and that should get our attention. If we say we have to get them off welfare by various combinations of government jobs or child support or whatever, I think to a certain extent we are rela-

beling welfare as something else. We're not really getting them off, and in fact we're continuing to obsess about welfare.

The issue in the public mind is really not welfare, but rather dysfunction. If people function better, then welfare loses its bad name. I've been consulting recently with the British government about their welfare policy. In that society, they don't have a distinctive welfare program. They have a supplementary income benefit program for virtually anyone who needs it for any reason, and there isn't a distinct welfare program. And yet, there the same stigma attaches to employable poor people because they are not working.

So, the problem is the conduct. The problem is the behavior, and not the way we support them. If people are working, then the public is ready to support them by some means, if we call it welfare or something else. I don't find income maintenance is a difficulty. Helping people with money is okay, provided they're functioning.

So, let's not focus on getting people off welfare. Let's not focus on reaching $7.00 an hour, because that's too high a goal. Let's, instead, have them working at whatever job they can get and then make up the difference. I'm ready to do that. Most Americans are ready to do that. They want to see some more effort first.

Mrs. SCHROEDER. But, I guess that was part of my problem. I agree with you that the training programs should be very good and everything else, but one of the problems with morale that's been shown over and over and over again, is that if you think you're being trained for a dead-end job, it's hard to have a lot of high morale about that. And that's why finding ways to continue training and to show some kind of career ladder is terribly important, and we've never focused on that.

Professor MEAD. I'm in favor of that. In fact, there's a program in Wisconsin I support very much where they're moving towards a policy of requiring half-time work in return for support, plus a training element. So, a person will work part-time and then be in a training program which will hold out some prospect. That's a good idea.

There is a danger, however, that we'll go over so far to the training and education emphasis that people never go to work. I was teaching at the University of Wisconsin last year, and I had a student in my class who was pursuing a Ph.D. on welfare. This woman had children. She was maintaining herself on welfare while going to graduate school. Now, that's popular in Wisconsin. Maybe they should be allowed to do it. I don't think it would be popular in the nation as a whole.

This also occurred in the early history of the W.I.N. program. They put everybody in school. Nobody went to work. The result was public disillusionment, and that led to the trend towards tougher work requirements.

So, you have to maintain credibility with the public by having some work effort required alongside the training. If you do that, then I think you've got a greater prospect of helping people and maintaining support.

On the question of dead-end jobs, I think there's a misconception. Most jobs are dead-end in the sense that they don't involve a prospect of a promotion hierarchy within that job. Most people don't

live in large bureaucratic hierarchies. The way one gets ahead, and this is true for low-skilled as well as other workers, primarily is by shifting to a different job.

The studies do not show that, let us say, poor black men who work as laborers are marooned in that status for their entire lives. There is apparently mobility over time for black workers, as there is for better-off workers, over time, by shifting among jobs. If one works as a laborer for five years, then you can get a job as a truck driver, a different job but at a higher wage. So, the mobility is by shifting among jobs.

Mrs. SCHROEDER. It does show, though, that black males have not benefited nearly as much by affirmative action as black females.

Professor MEAD. That is possibly true, but this gets back to something I was saying earlier, that the impediments to blacks and poor people generally are among those who are working. That's were you see inequalities imposed by various kinds of unfairness. I'm not saying that's unimportant, but that's an inequality among workers.

The overwhelming poverty problem is not inequality among workers, low wages, unfair wages, unfair prospects. It's non-work, that is, working at no job. So, the main solution is to have people work at some job. Then, at that point we have a much better basis for worrying about unequal return to work.

Mrs. SCHROEDER. Well, I don't know. I would just say that two of our big federal job training programs were the job training programs you're talking about, plus the G.I. Bill.

Professor MEAD. Yes.

Mrs. SCHROEDER. The G.I. Bill worked out real well. There were motivators there and I think people saw opportunities there that maybe we've not conveyed on the other side, or maybe it's not been as effective.

Professor MEAD. Well, it isn't a solution to offer people jobs that do not in fact——

Mrs. SCHROEDER. Exist.

Professor MEAD [continuing]. Respect their actual abilities. As we found in C.E.T.A., while providing government employment is certainly popular, the jobs pay more than people can get in the private sector. They become viewed as another form of welfare. They don't really respect the abilities that people have.

So, we have to emphasize real jobs in the private sector. Once people are working in those jobs even part-time, then I think the support for either welfare or training or other benefits becomes much more secure. I don't think getting people off welfare is fundamental. What is much more fundamental is having them discharge what I call the common obligations.

Professor ELLWOOD. I'd just like to say that I want to join the bandwagon and endorse work. I believe in it and I think it's great. But you talk about a dead end job. Work for the welfare system in workfare, okay? You think employers are going to say, "Oh, great, you've got this great work experience. I'm glad you had this mandatory work while you were on welfare." That's not what our goal should be. We can aim higher. We can get people out of the welfare system. I disagree with Larry in saying just let people mix work and welfare.

If you've ever talked to a woman that's tried to mix work and welfare, she has trouble speaking sensibly because she's also angry. This time when she was doing her damnest to help herself, the system demanded more verification because she had unusual amounts of income. She could have an error. The system did everything in its power, seemingly, to thwart that effort rather than help it.

At first I thought, let's make welfare better. Let's make it work. I'm convinced it will never happen. I've seen the best, I've seen the worst, they're all bad.

Let's, instead, set our goals to making sure that if you work you can support yourself and, by God, we're going to make sure you can do it. I really believe we can do that with some very modest supports.

Mrs. SCHROEDER. Thank you.

Chairman MILLER. Let me just, if I might, jump in here and wrap this up a little bit.

See, I think what the Congress is going to do though is they're going to make a determination that certainly in terms of public perception and in terms of the deficit and the dollars, it's just cheaper to continue the welfare system as it currently is and make some cosmetic changes. You can't redesign the welfare system as they're going to try to do today at 2:00 and say, "Okay, you can redesign it but you can't spend more than $500 million." That won't work.

What we really don't have is the courage of the venture capitalist or Business Week or the business community to make this upfront investment, whether it's through the earned income tax credit, combination with the minimum wage, child care, health care benefits, all of those things that supplement the person who will go out and take, let's say, the minimum wage job. The Congress will never do that because of the cost, just as we find out regarding the cost of a first class Head Start program for the other 80 percent of the kids. Congress won't swallow that pill, even when it was Ron and Nancy's favorite program. We just don't have the courage to make that kind of investment.

In fact, what you have is, you have a maintenance program here that you hope keeps people from burning down the cities. It's just sort of an insurance policy. It's not designed to move people off. And just as Governor Dukakis has found out, just as Governor Deukmejian found out, if you're going to do it right, it's a hell of a lot more money than they ever anticipated when they signed the bill. And the Deukmejian administration is saying, "We've got to teach people how to read." They can't even get the entry level job, the crummy job, Larry.

So, the point is that the employer is saying, "Don't send me somebody on welfare." We found that in the jobs program. Unless we're really willing to make that investment, it just isn't going to work. As Lee Schorr has pointed out, even in those programs where you can go to members of Congress and say, "Here's a three to one ratio, here's a six to one ratio, here's a four to one ratio in cost benefit," they're still cutting the programs.

Professor MEAD. I'm not saying this isn't a problem, but it's well to remember that in general the workfare programs we have are saving a little bit of money.

Chairman MILLER. I understand that.

Professor MEAD. The point is not to save money, but it means you can finance the program.

Chairman MILLER. But as you point out in your testimony, they're also creaming the welfare rolls. They're taking people who might ordinarily find jobs anyway, spending a lot of money on those people and we can't tell whether or not that person would have moved off welfare with or without workfare.

Professor MEAD. Well, my point is only that some of this can be financed out of welfare savings. You're right, some more money is necessary and I support that.

Chairman MILLER. You could take all the savings in welfare and you couldn't finance proper day care in one of the larger states in the country. Take all the national savings in welfare, you won't finance day care for the rest of the people on welfare in the state of California or Illinois.

Professor MEAD. California is spending one-quarter of its child care budget in the G.A.I.N. Program.

Chairman MILLER. I understand that.

Professor MEAD. Because they're saving money there and spending much less than was thought necessary.

Chairman MILLER. But don't pretend for a minute that they're getting to—as David points out, we're fighting over a very small percentage of the people who are creating a great deal of the headache. We're not—that California program isn't getting to them, just like C.E.T.A. didn't get to them, just like the manpower development thing didn't get to them.

Professor MEAD. Not yet it isn't, but in principle it should. It should get to them.

Chairman MILLER. I hope the legislature gives up on it before they get to them.

Professor MEAD. I hope not.

Chairman MILLER. Because they won't have the staying power—I think if you listen to what Doctor Wilson was saying, in many instances, certainly in big urban centers, you're talking about a community in chaos and instability. Day care for those people is a much different issue than it is in the community that I reside in. Not only the stability of the family that's looking for day care, but the stability of the family that's going to provide the day care. Not the center, not that, somebody else. It goes on and on and on through the infrastructure.

Now, when the person takes the $4.00 an hour job or the minimum wage job, whichever you decide they want; I'm just telling you that when we decide we're going to supplement that work effort that they in fact get an economic payoff for going to work, Congress will lose its guts. They have for 50 years.

Professor ELLWOOD. I wholly endorse everything you say, but there is one big payer, child support. A typical kid born in America today is going to be in this. This is a middle class problem. If we folded the child support system into something like the Social Security system, so we collected payments automatically from fathers,

there's $20 to $30 billion more for our children. And if we then added a minimum guaranteed benefit so when the father was unemployed you still had some minimum child support, that doesn't cost us anything and it probably saves us money.

Chairman MILLER. I don't have any quarrel with that.

Mrs. SCHROEDER. We all agree with that. You also have to get, though, the amount per child up.

Chairman MILLER. Even when you factor that in, you still have to have——

Professor ELLWOOD. You're absolutely right.

Chairman MILLER [continuing]. The underpinnings.

Professor ELLWOOD. But let's not forget that there are still some things to do——

Chairman MILLER. No question, no question. I don't think that's an argument.

Professor ELLWOOD [continuing]. While we try and move people along.

Chairman MILLER. I mean in terms of when we raise people's expectations about the reform of this system or the abolishment of this system and putting in an additional system, I think we mislead them when we think that somehow we can just trade dollars and end up with the same system because it just isn't there when you look at the cost of providing first-class services. There's no reason poor children should have crummy day care or crummy health care.

What they're going to argue about today between the Senate and the House is after a person has one of these jobs for one year, do we walk away from them? Should they become unemployed, should we punish them by not giving them health care if they find another job? Does that give you an idea of where this debate is going in the Congress?

Ms. SCHORR. Can I just make one comment?

Chairman MILLER. I want you all back here five years from now so we can discuss how to change this system.

Yes?

Ms. SCHORR. What you were saying about day care and welfare reform, if we try to do the day care part on the cheap, we are simply guaranteeing the persistence of all the problems that we're talking about today, because day care that does not meet quality standards may not matter a lot for middle class families, but if it doesn't meet quality standards, it's going to add to the problems faced by those kids growing up in disadvantaged families.

Day care is such a beautiful illustration of where if you invest at the level that you're talking about, you can really raise the odds of school and life success for disadvantaged kids. And if you don't, you can almost guarantee their failure.

Chairman MILLER. The welfare fails in this country for the same reason 90 percent of small businesses fail. It's under capitalized. We won't do it right. We're like the restaurant that bought all the fancy chairs but forgot to hire the chef. Pretty soon you're out of business.

I think that's where we are. The lesson of your work, and I think the lesson of the Committee's work on opportunities for success, is that where it was done in a first-class fashion it succeeded beyond

our wildest dreams. Everywhere we tried to do it cheap, everywhere we tried to cut a corner, we just simply ended up spending money with no appreciable results. At some point that's got to get across to the Congress, because it's going to be real expensive. It's going to be real expensive to have a system that either one of you can agree on.

No matter whose model we adopt, there's going to be a huge public role here to keep that person in the work force at whatever wage we determine. I'm just not sure the Congress is ready for that. I think the evidence is that supposedly there's been a dramatic turnaround in the business community and everywhere else. But the Conference Committee is arguing about how to stick a little less long with these people who take a minimum wage job.

Thank you very much for your time and, more importantly, your testimony. I've got a sneaking suspicion that this debate will not be ended at the end of this Congress.

Thank you.

[Whereupon, at 12:44 p.m., the committee adjourned.]

[Material submitted for inclusion in the record follows:]

PREPARED STATEMENT OF PAULA W. DAIL, PH.D., CODIRECTOR AND LEADER OF THE RESEARCH PROGRAM, CENTER FOR THE STUDY OF POVERTY, VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY, BLACKSBURG, VA AND CHAIR, FOCUS GROUP ON FAMILIES AND POVERTY, NATIONAL COUNCIL ON FAMILY RELATIONS

Mr. Chairman, Committee members, and others: Thank you very much for the opportunity to present written testimony concerning the dimensions of poverty for individuals and families in the United States. I am deeply honored.

I want to note for the record that, although I am speaking both in the context of my membership in the National Council on Family Relations, a professional organization concerned with family life, and in my capacity as Co-Director and Leader of the Research Program of the Center for the Study of Poverty which is being established at Virginia Polytechnic Institute and State University, the perspectives which I will present are my own as a scholar and sociologist who has a deep concern for the social pathology which poverty represents. I am not presenting the official views either of my university or the National Council on Family Relations.

THE COMPLEXITIES OF POVERTY

Prior to my preparing this testimony I looked back into the records of previous hearings which this committee has held on various issues concerning families, and noted that you have received information and insights from many of the pre-eminent scholars and others having notable expertise on the many dimensions of poverty and social disadvantage. Based upon this earlier testimony, I have

concluded that you already have all of the statistics and demographic information that you need to draw the obvious conclusions which these figures portray. Thus, I am going to take a more global and interactive approach to the issue of poverty in America, and begin by noting that poverty does not have one simple root cause which, if ameliorated, would cure the condition. Poverty is the result of a very complex interaction among various social circumstances, experiences, and conditions which finally render an individual marginal in his/her ability to be socially functional, and clearly socially disadvantaged.

Attached to this testimony is a list of critical human resource concerns which contribute to poverty. These reflect the thinking of the core advisory group of multidisciplinary faculty who have been a part of the Center for the Study of Poverty. While not intended to be all inclusive, the issues of concern focus upon public health, health care, mental health, child care, nutrition, education, public policy, the social and environmental infrastructure, human relationships, and the feminization of poverty, among others. Taken together, they underscore the complexity of poverty as a social condition which has no easy solutions, and also identify those areas in need of direct address if poverty is to be eased. While each is deserving of a full discussion, space and time do not permit me to do so. Nevertheless, it is important that they are in the record.

I do have some observations of my own which I believe are worthy of sharing with you, based upon the experience of having walked through the cotton plantations of Mississippi, the tobacco fields of the Carolinas, the shanty towns of the eastern shores of the Atlantic Ocean from the Commonwealth of Virginia to the Florida Keys, the coal mines of Appalachia, and the ghettos of New York, Washington DC, Detroit, Chicago, Denver, Atlanta, Philadelphia, Boston, Newark, Richmond, Seattle, and Los Angeles, among others; of having slept among the homeless, and eaten in soup kitchens and in homes with families who do not speak english; and of having researched some aspects of poverty myself. Hopefully these will provide you with insights which will enhance your understanding of the vast dimensions of disadvantage in America.

In this context, and with a view toward the future agenda of any attack on poverty, I want to begin by underscoring the absolute necessity of avoiding any tendency toward designing programs which attempt to "fix" the lives of the disadvantaged by imposing our own middle class value system, in an attempt to make the poor "just like us". WHat I am speaking about here is recognition of the fundamental human right to be treated with dignity and respect, independent of social class. We are not poor, and most of us <u>do not really</u> understand what being poor is all about. Accordingly, we must begin by respecting and valuing what the poor have to teach us, accepting what we must learn from them if we are to work together to address the problems of poverty.

First of all, to be poor in the South is qualitatively different from being poor in the North. For example, a resident of Mississippi is four times as likely to be poor as a resident of New Hampshire. Clearly, if one is at risk of or to experience poverty, it is better to reside in the North simply because there are more social resources available to draw upon, and the quality of the assistance which is available is better than in the South (which is not to say that any of the public welfare and social assistance programs are adequate, because NONE OF THEM are).

Those programs designed as "safety nets" are woefully inadequate and vary rather dramatically state by state across the nation. For example, in no state except Alaska does the combined maximum AFDC and food stamp benefit lift a family of three without other income up to the poverty. In all other cases, combined available welfare benefits may raise a family to as much as 50% of the poverty line, but no more. Only 28 states provide AFDC benefits to two-parent families. In the other 22, two-parent families are unlikely to receive any cash benefits from the welfare system. Only eight states have cash assistance to single people and childless couples who are neither elderly or disabled. In only ONE state is the medicaid eligibility threshold for a three person family set at the poverty line. In most other cases the it is set at some level below half of the poverty level. Thirty eight states impose state income taxes on working families living below the poverty line

Generally speaking, social welfare research consistently suggests that the public welfare system is poorly designed, functions at cross purposes with itself, and has become far too complex for those which it is supposedly oriented toward serving to begin to manage, or negotiate. It is a uniformly wasteful, bureaucratically overweight system which appears to cost far more to maintain than it can possibly provide in actual help to those who need it. It seems to be most effective at diminishing the fragile esteem and sense of personal entitlement of those who are in need, often rendering them more needy in the end than they were in the beginning when they first engaged into the social welfare system. These individuals have learned from the system precisely how helpless they are, and simply do not possess the ordinary share of personal resources needed to overcome this disadvantage.

This concept of "learned helplessness" is of acute concern among those who work in the public welfare system. It is a complex notion which suggests that, when persons find themselves in negative social circumstances (such as an environment of poverty), they will begin to assume and internalize the messages of inadequacy and inability which that environment imparts, thus fracturing their self esteem and causing them to believe that they cannot help themselves. A cycle of disadvantage begins, and as it continues, becomes part of the repertoire of learned behavior for the person experiencing it.

Some have even suggested that an addiction to poverty occurs over time and generations of a family which has been socialized in disadvantage. I would like to offer some insights into this, based upon my own research as well as the research of some others in my field.

A uniform finding of almost all studies which have attempted to measure the social context of the poor strongly suggests that among this population there is a deep and pervasive sense of social isolation and alienation from the larger, mainstream social order. Not only do the poor feel this, they also realize that they do not have any mechanisms, or personal resources which would enable them to access the larger, more functional social system which we know, and the poor also know exists. Although youth, particularly in the inner city ghettos, sometimes have sufficient energy to "complain" somehow, most poor adults rather complacently accept their condition because they believe that they have no choice, and, in reality, they are fundamentally correct.

Under these circumstances, it is not at all surprising to find high rates of unwanted pregnancy, drug and alcohol abuse, violence, and other socially unacceptable behaviors. In most cases, these simply reflect misguided attempts to alleviate the psychological pain which social isolation induces. These individuals are human beings, characteristically the same as you and I, and they are living in circumstances which deny their most fundamental human needs, including social connection. These persons exist in emotional distress of such a magnitude that it is almost impossible to comprehend.

Accordingly, when those suffering from poverty do engage into the public welfare system, two things happen: one is that they find out that they cannot make the system do what it is supposed to do, and they learn how helpless they are; and two, they meet someone in the person of a social worker, who cares about them. This experience of caring is a new one, but it also meets a basic human need, and at least momentarily ameliorates their feelings of isolation and alienation, and the accompanying pain. Thus, an addiction to whatever provides relief may occur. The addiction is not to the condition of poverty itself, rather it is to the contact with a caring person or persons which engaging into public welfare system permits. The natural tendency is to gravitate toward that source of help because it is better than nothing at all and certainly preferable to the feelings of nothingness which describe being poor in an affluent society such as ours.

In this context, the basic, underlying, and critical issue is one of social contact, social connection, and a sense of belonging, all of which are impossible to achieve in circumstances of poverty. Those who are socialized in poverty never even have the opportunity to develop the social skills (i.e social gestures such as "thank

you" and "please", social values such as truthfulness and honesty, responsibility, etc.) that the rest of us take for granted, and which permit us to be a functioning member of mainstream society, and not to ever feel as alone, alienated, and as vulnerable as the poor feel ALL the time.

MODELS OF SUCCESS

We have launched some major initiatives in this country in the past which have been oriented toward ameliorating poverty, as the earlier War on Poverty readily illustrates. In that attempt, poverty clearly won out, but the effort was not totally unsuccessful, and all certainly was not lost. From it, we learned a great deal about poverty programs that do not work. The most critical insight which emerged was that band-aids in the form of giving pre-developed social programs to the poor will not cover the badly bleeding social wounds that poverty represents, and will not impact upon the problem to a sufficient extent as to accomplish any lasting change.

However, we also learned that if we attempt to help the individuals through education and without engaging massive social welfare assistance, their problems are markedly reduced, as the Job Corps, Neighborhood Youth Corps, and Head Start programs graphically illustrate. The follow-up studies on these programs portray impressive success. Other programs such as nutrition education and foster grandparents have had similar results.

These successes are particularly important to note and to think carefully about, because longitudinal data on poverty as a social condition tell us that only a relatively small percentage of the poverty population are chronically and fatally poor. A much larger proportion are individuals who may episodically fall below the poverty line, but don't need to remain there if social programs are available to assist them to become more independent and socially functional. These are the people who are at risk for permanent poverty, but may be saved from this devastation by receiving effective assistance.

If we are able to learn from our past mistakes, and intend to gain the upper hand in our fight against the invasion of poverty which is occurring once again in the 1980-90's, it is important to reconsider our approach to the problem. I don't believe that we will ever be successful in completely overhauling or changing the social system in this country to the extent needed to completely eradicate poverty. If we take this approach, the poor will always be among us. I do believe, however, that we can change the individuals themselves, so that they will not be as poor as in previous times. This is what Head Start attempted to do, and the approach "treats" the entire family system by providing health, nutrition, and family living education and skills, in addition to providing opportunities for cognitive and social skill development

for the children who are enrolled. It is a good model for us to build upon in the present.

SOLUTIONS

The solutions to today's complexus of poverty center upon the social variables previously identified. The methodology for implementation is already available to us through the educational and community resource development systems which we have in place in this country. Accordingly, the following suggestions are offered:

1. Philosophically, it is vitally important that our perception of the poor as a class of people change. We must steadfastly avoid our common tendency to "blame the victim" and accept that it is not the fault of the poor that they have been denied access to the American dream and all that it promises. In reality, one who is poor may be so by simple accident of birth into circumstances which interact in such a way that are totally out of the control of the individual, but which render him/her impoverished and truly socially disadvantaged.

2. Any attempts at public responsiveness to the plights of the poor must include the poor themselves in the planning and implementation processes. If we wish to really attempt to ameliorate the human condition of poverty, then we plan our solutions WITH the people who suffer poverty...we do not plan for them.

3. Poverty as a social condition must be attacked from all spheres of society (the governance system, the value structures, the family system and functions, and the economic system). Because poverty reflects a complex interaction among all of these segments of society, failure to launch a multidimensional effort will insure that poverty will continue largely unabated.

4. Any formal programs designed to assist the poor must be labor intensive (e.g. manpower rich). Remembering that social isolation is one barrier that the poor have to overcome if they are to help themselves, it is obvious that abundant opportunities for human contact in unhurried, personalized circumstances is very important. This process begins by unburdening social service workers of crushing caseloads and impossible red tape, thus permitting them to provide the needed human interaction with their clients.

5. The development of social skills is another critical area in which the poor are disadvantaged. Often, they have not had the opportunity to learn the needed skills to be socially functional and thus successfully maintain employment, resolve ordinary human conflicts and generally be able to communicate well enough to more successfully manage their day to day lives. There are many, many ways in which the existing educational system in this country could

respond to this need, and none of the necessary programs would be expensive to implement. Examples include 4-H and Outward Bound programs for adolescents, which are offered to communities through the Extension programs in land grant state universities, and work-study programs for college students, to name two. Morehouse College, Spellman College, and Berry College (all in Georgia) have programs which take disadvantaged youth and "socialize" them to be members of mainstream society. These programs are proven effective, and continued funding is critical.

6. Leadership development through grass roots efforts to develop and maintain a sense of community, or belonging to a mutually supportive group is vital to assisting any disadvantaged population to better itself. There is strength and a sense of empowerment which naturally occurs in groups which share common goals and purposes. Opportunities for these groups to form and for the sense of community to develop are a mandatory part of any social improvement programs.

It is particularly critical to target youth for this effort, because they are developmentally responsive and enthusiastic, and not yet ready to give up and accept their plight. Additionally, encouraging youth to learn to develop a sense of community and belonging will give them a sense of control over their own destiny which the poor often lack, and thus present the best opportunity to reverse the cycle of poverty which we all have observed.

Extension systems within land grant universities are designed precisely to address this need by implementing community resource development programs and by providing assistance to local county governments. We must believe that community does have value, and be prepared to act upon that belief, because it presents our greatest promise for a better future for the disadvantaged among us.

CONCLUSIONS

When our Constitution was first drafted by our founding fathers, and when our system of democracy was first conceived by Thomas Jefferson, the theme of "man's humanity to man" was paramount. We believed, in those days, that all men were created equal, with certain inalienable rights, which include life, liberty, and the pursuit of happiness. In the 200 years since, we have become a nation with such a dichotomy of social class that the original vision has been lost. All men, women and children are not equal either under the law or within the social order; they do not have certain inalienable human rights; and certainly the American dream of economic solvency and the "good life" has become a cloudy idealistic notion which is impossible to conceptualize for many, many of our citizens. When we have so many poor amidst such affluence, we are no longer functioning as a participatory

democracy, and our system of governance no longer serves all citizens. The concept of "We, the people..." is lost.

I do not believe that we are presented with a hopeless problem, however. Borrowing from a basic concept of natural physics, we can view ourselves as a living system, thus having the capacity to change and to accommodate, particularly if those who compose the system change themselves. If each of us is to function as a citizen of a democracy, we must uphold the rights of ALL citizens, share their burdens, and respond to their needs. Those of us who, by interaction of the circumstances of our lives, are somewhat more fortunate than some others do have an obligation to those who have not been as lucky. In the early days of this nation we did care for one another and helped each other, in the atmosphere of a community of mutual care and concern. There is no plausible reason that we cannot function as a human community once again.

Dr. Martin Luther King noted, in his acceptance of the Nobel Peace Prize, that we would either learn to "live together as brothers in or we would perish together as fools". I believe that most of us prefer learning to live together. It is the obligation of our governing system to actively encourage the development of social structures which will enable us to form the human connections which will insure that equality and the pursuit of happiness is within the reach of all who are born citizens of this country.

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(Endnote: I wish to acknowledge the valuable insights and assistance in the preparation of this testimony which was provided by Dr. Theo. J. Pinnock, Co-Director of the Center for the Study of Poverty and Leader of the Community Resource Development Program, and Mr. Karl E. Bren of the Department of Housing and Community Development, Commonwealth of Virginia. Each made important contributions to the text as it appears.)

KEY HUMAN RESOURCE CONCERNS

1. PROVIDING QUALITY HEALTH CARE AT A REASONABLE COST.
   - PAYMENTS
   - STATE RESPONSIBILITY FOR INDIGENT CARE
   - SCOPE OF HEALTH CARE REGULATION (WHAT AND BY WHOM)
   - LICENSURE REQUIREMENTS FOR HEALTH CARE PROFESSIONALS
2. CARING FOR PEOPLE IN HOME AND COMMUNITY.
   - FINANCIAL SUPPORT FOR COMMUNITY-BASED SERVICES
   - FAMILY SUPPORT PROGRAMS FOR FAMILIES CARING FOR DISABLED FAMILY MEMBERS
   - TAX INCENTIVES TO COMMUNITIES TO ENCOURAGE COMMUNITY BASED FACILITIES AND PROGRAMS
   - MENTAL HEALTH SERVICES
3. EMPLOYMENT AND INDEPENDENT LIVING.
   - INCENTIVES FOR PRIVATE AND INDEPENDENT SECTORS TO BECOME MORE INVOLVED IN JOB TRAINING
   - SUPPORT FOR INDEPENDENT LIVING CENTERS
   - EXPAND SHELTERED WORKSHOP PROGRAMS
   - CONTINUE WORK EXPERIENCE PROGRAMS
   - INCREASE AVAILABILITY OF LOW INCOME AND DISABLED HOUSING
   - STRENGTHEN COMMUNITY ACTION PROGRAMS
4. PREVENTION
   - INFANT MORTALITY
   - HEALTH PROMOTION MEASURES
   - PUBLIC HEALTH
   - ENVIRONMENTAL POLICIES
   - FINANCIAL SUPPORT FOR PREVENTION EFFORTS

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